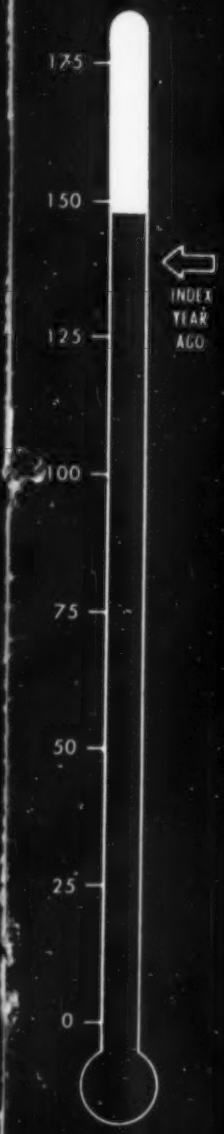
BUSINESS WEEK

Trouble in the South

BUSINESS GETS INVOLVED

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A McGRAW-HILL PUBLICATION

MAR. 24, 1956

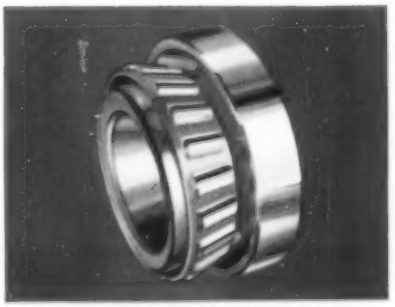
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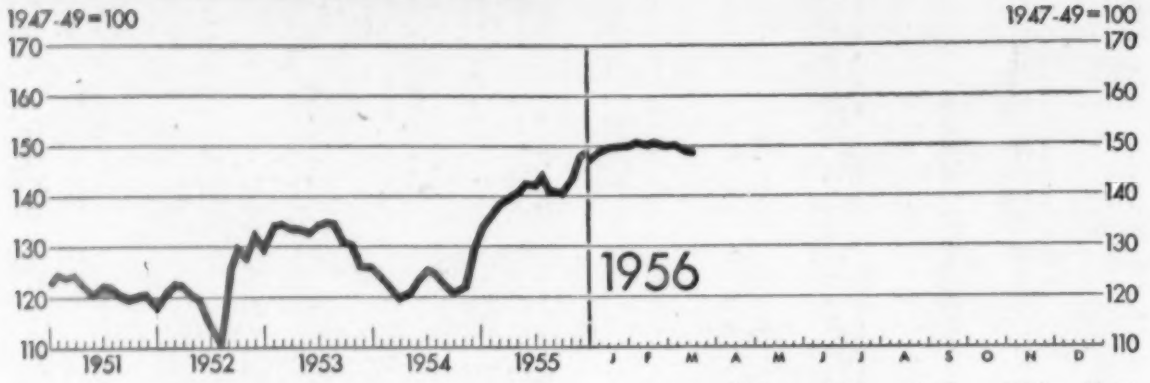
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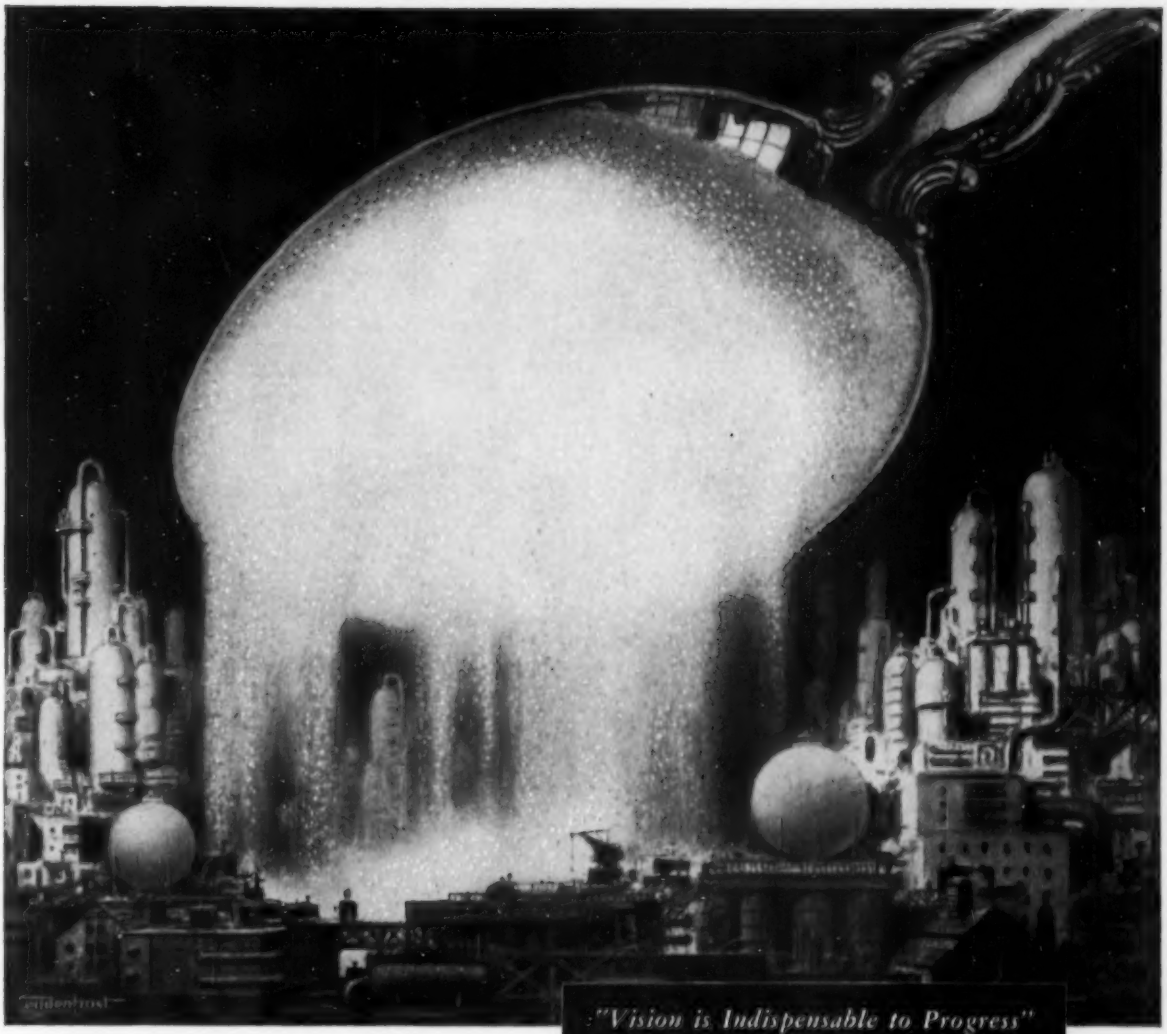
FIGURES OF THE WEEK



	1946 Average	Year Ago	Month Ago	Week Ago	§ Latest Week
BUSINESS WEEK INDEX (chart)	**91.6**	**140.1**	**151.4**	**†149.6**	***149.1**
PRODUCTION					
Steel ingot (thous. of tons)	1,281	2,262	2,433	†2,477	**2,446**
Automobiles and trucks	62,880	212,776	158,903	†165,304	**168,949**
Engineering const. awards (Eng. News-Rec. 4-wk daily av. in thous.)	$17,083	$68,795	$74,216	$77,439	**$83,469**
Electric power (millions of kilowatt-hours)	4,238	9,814	11,321	11,133	**11,202**
Crude oil and condensate (daily av., thous. of bbls.)	4,751	6,858	7,116	7,162	**7,153**
Bituminous coal (daily av., thous. of tons)	1,745	1,401	1,692	1,647	**1,588**
Paperboard (tons)	167,269	273,946	291,777	285,170	**281,572**
TRADE					
Carloadings: miscellaneous and l.c.l. (daily av., thous. of cars)	82	72	69	74	**73**
Carloadings: all others (daily av., thous. of cars)	53	39	45	45	**44**
Department store sales (change from same wk of preceding year)	+30%	+11%	+5%	+6%	**+7%**
Business failures (Dun & Bradstreet, number)	22	226	252	268	**300**
PRICES					
Spot commodities, daily index (Moody's Dec. 31, 1931 = 100)	311.9	398.7	405.1	405.5	**409.1**
Industrial raw materials, daily index (BLS, 1947-49 = 100)	††73.2	90.5	98.6	99.1	**99.5**
Foodstuffs, daily index (BLS, 1947-49 = 100)	††75.4	86.2	75.6	76.5	**77.4**
Print cloth (spot and nearby, yd.)	17.5¢	18.8¢	20.5¢	20.0¢	**19.8¢**
Finished steel, index (BLS, 1947-49 = 100)	††76.4	144.7	157.1	157.1	**157.1**
Scrap steel composite (Iron Age, ton)	$20.27	$37.50	$48.67	$48.83	**$50.17**
Copper (electrolytic, delivered price, E & MJ, lb.)	14.045¢	33.000¢	45.325¢	47.765¢	**46.680¢**
Wheat (No. 2, hard and dark hard winter, Kansas City, bu.)	$1.97	$2.46	$2.21	$2.25	**$2.27**
Cotton, daily price (middling, 14 designated markets, lb.)	**30.56¢	33.48¢	35.46¢	35.39¢	**35.50¢**
Wool tops (Boston, lb.)	$1.51	$2.05	$1.80	$1.80	**$1.76**
FINANCE					
90 stocks, price index (Standard & Poor's)	135.7	287.6	352.1	372.5	**384.1**
Medium grade corporate bond yield (Baa issues, Moody's)	3.05%	3.49%	3.58%	3.58%	**3.60%**
Prime commercial paper, 4 to 6 months, N. Y. City (prevailing rate)	⅝-1%	1⅛-1¼%	3%	3%	**3%**
BANKING (Millions of Dollars)					
Demand deposits adjusted, reporting member banks	††45,820	57,861	56,391	56,417	**57,603**
Total loans and investments, reporting member banks	††71,916	84,918	84,310	84,338	**85,349**
Commercial and agricultural loans, reporting member banks	††9,299	22,694	26,271	26,454	**27,047**
U S. gov't guaranteed obligations held, reporting member banks	††49,879	34,374	28,542	28,157	**28,431**
Total federal reserve credit outstanding	23,888	24,809	25,174	25,118	**25,308**

MONTHLY FIGURES OF THE WEEK		1946 Average	Year Ago	Month Ago	Latest Month
Exports (in millions)	**January**	**$812**	**$1,168**	**$1,398**	**$1,276**

* *Preliminary week ended March 17, 1956.*
† *Revised.*
†† *Estimate.*
** *Ten designated markets.*
§ *Date for 'Latest Week' on each series on request.*



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There's a bit of Wausau around Chicago's "Loop"



as told by **WILLIAM F. MOONEY**
Reporter,
Chicago Daily News

"Employers Mutuals, the folks who've been running that interesting series about Wausau wanted to demonstrate the way they handle workmen's compensation insurance.

"But instead of telling the story themselves, Employers Mutuals felt the fairest way would be an impartial report. So as a 'curious reporter' I set out to see examples of the 'Wausau personality' at work here in Chicago. Some of the unusual things I found are reported in the pictures and captions on this page."



"Recently, Henry Julian (right), a machinist, lost his hand in a plant accident. Despite excellent medical care, he sat home worrying about how he could work again. Clare Schwartz (center), an Employers Mutuals' nurse, lifted his spirits. After many friendly talks, she encouraged him to try to use a new hand—even took him to the rehabilitation center to get him started. Later Miss Schwartz arranged for Mr. Julian to have a chance at his old job. He's back now and doing fine. Employers Mutuals, incidentally, was the first and still is one of the few companies in the field with a *permanent* nursing staff."



"E. J. Brach and Sons, world's largest candy manufacturers, had always thought of workmen's compensation insurance as a fixed expense—subject to little variation. Particularly so, because close cooperation between the Brach Company and its employees had resulted in an outstanding safety program. Safety engineers from Employers Mutuals proved, however, that even under such ideal conditions accidents could be reduced considerably—and in a relatively short time. As a result, insurance costs for this company have been cut and over-all profits increased. 'Employers Mutuals' performance for us and with us has been superb,' say Frank V. and Edwin J. Brach, Executive Officers, pictured above."

The machine nobody would touch: "Recently, a Chicago firm had a severe injury at an embossing press. From that moment workers hesitated to use it, fearing injury. A production bottleneck developed. But the company got in touch with Employers Mutuals' Frank Hausman (right), a safety engineer specializing in press accident prevention. Mr. Hausman was able to design—on the spot—a guard which prevented further accidents and increased production."



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EDITORS REPORT

Dear Reader:

You probably noticed when you opened this issue that the editorial table of contents appeared on Page 1.

Heretofore, this feature was usually on pages 22 or 24—a location that obviously did not please many of our readers. They told us orally or in writing they were not happy about it and they suggested Page 1 as the ideal place for the table of contents.

We agreed with them but insisted such a switch was difficult for mechanical reasons. Those problems finally have been solved by placing a new flash form just inside the covers of the magazine. Now, and in all issues in the future, you will find the contents page, "In Business This Week," where you said you wanted it.

This change in format is accompanied by several others, effective in the same issue:

(1) The Figures of the Week page has been redesigned for easier reading and its location has been moved forward to Page 2.

(2) The last two pages of the issue—The Trend, and the Advertisers Index—comprise the second half of the new form. One advantage is a later closing date, permitting editorial comment on latest news developments.

(3) The general news section is being enlarged from 8 to 12 pages. Again, it will provide opportunity for more adequate coverage of last-minute business news.

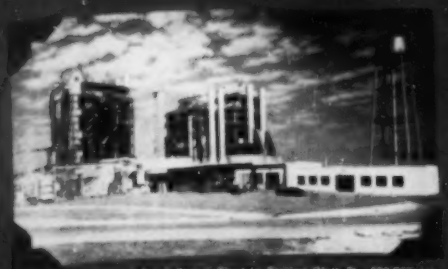
(4) All pages printed on buff-colored stock, including those carrying the Business, Washington, and International Outlooks and Personal Business, will be perforated along their inside margins. Thus, the pages may be removed more easily if the reader desires to do so.

(5) This column, Editors Report, will appear here on this page alongside the masthead from time to time. It will be used to tell about any of our operations of possible interest to you. When Editors Report does not appear, the space will be used to open the Readers Report section, in which your letters to the editors appear.

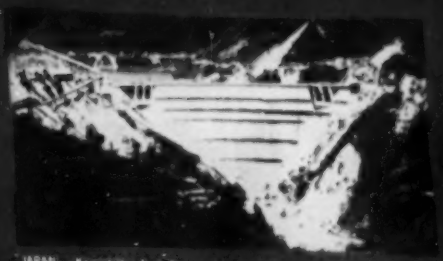
All these changes are intended to serve the reader. They are designed to start him through the magazine in more compelling fashion and to help him, at the same time, to get information faster.

THE EDITORS


FLORIDA—Cutler Steam Electric Station (Unit 6)—125,000 kilowatts—for Florida Power & Light Company
GREECE—Ladhon Hydroelectric Development (Units 1 & 2)—50,000 kilowatts—for The Kingdom of Greece
GREECE—Corinth 150-KV Substation—for The Kingdom of Greece
MISSOURI—Hawthorn Steam Electric Station (Unit 4)—100,000 kilowatts—for Kansas City Power & Light Company
PENNSYLVANIA—Renovation of office building lobby—for Duquesne Light Company
ARIZONA—Saguaro Steam Electric Station (Unit 2)—100,000 kilowatts—for Arizona Public Service Company
TEXAS—Deepwater Steam Electric Station (Unit 7)—156,250 kilowatts—for Houston Lighting & Power Company
NORTH CAROLINA—Cooling Pond for the Lumberton Steam Electric Station—for Carolina Power & Light Company
GREECE—Agra Hydroelectric Development (Units 1 & 2)—40,000 kilowatts—for The Kingdom of Greece
NORTH CAROLINA—Lours V. Sutton Steam Electric Station (Unit 2)—100,000 kilowatts—for Carolina Power & Light Company
PERU—Paucartambo-Carhuamaya 100-mile 138 KV Transmission Line—for Cerro de Pasco Corporation
TEXAS—Collin Steam Electric Station (Unit 1)—145,500 kilowatts—for Texas Power & Light Company
more pages for
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LOUISIANA—Riverside Point Steam Electric Station (Unit 3)—125,000 kilowatts—for Louisiana Power & Light Company



JAPAN—Kamishiiba Arch Dam—361 feet high and 1,000 feet long—for Kyushu Electric Power Company



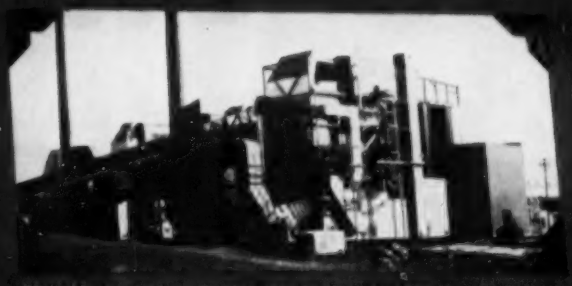
TEXAS—Parkdale Steam Electric Station (Unit 2)—100,000 kilowatts—for Dallas Power & Light Company



LOUISIANA—District Office and Service Center—for Louisiana Power & Light Company



GREECE—Over 800 miles of 155 KV Transmission Lines—for The Kingdom of Greece



COLORADO—Arapahoe Steam Electric Station (Unit 4)—100,000 kilowatts—for Public Service Company of Colorado

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Freight rates are up—

But here's how you can cut shipping costs

With rail freight rates up (and truck and barge rates slated to jump, too) the tare weight of your shipments is now more important than ever.

Shipping in Bemis Bags instead of heavier containers is probably your answer. Call your Bemis Man . . . let him show you how others have reduced their shipping costs * . . . and how you may reduce yours.

And there are other advantages. Bags are the lowest priced containers. You save on storage space, especially for the empty containers. Filling, closing and handling frequently cost you less.

Get the *complete* story. You might cancel out that freight rate increase . . . or more.

* **A couple of examples:**

A shipper of dry milk reduced tare weight 18 to 20 pounds per hundredweight by switching from drums to Bemis Bags.

Western lettuce shippers reduced tare weight 975 pounds per car by using multiwall paper bags instead of cartons.

Bemis

408 D Pine St., St. Louis 2, Mo.

READERS REPORT

Heavy Monorail?

Dear Sir:

The article First U. S. Monorail Shows Off Its Tricks [BW—Feb. 25'56,p23] played fast and loose with figures.

According to that article, the Monorail coach by itself weighs 26,700 pounds "or about 400 pounds per person." By simple arithmetic this works out to 445 pounds per seated passenger, which, by inference, does not include any of the propulsion equipment necessary to move the coach.

The article then continues to say, "compared with 1,000 pounds per person in conventional buses." The facts are that conventional city buses, currently and for years past, have had weights ranging from 375 to 440 pounds per seated passenger, which includes all operating and propulsion equipment.

The conventional city buses do not normally have air conditioning, but even the current single-deck deluxe intercity buses, equipped with reclining seats and full airconditioning, weigh only from 500 to 550 pounds per seated passenger, including all operating and propulsion equipment as well as fuel, oil and water "ready to run."

Let's keep the record straight.

WILLIAM J. BEATTY

SPRINGFIELD, PA.

• Reader Beatty's figures are correct. However, the 26,700 pounds of the Monorail coach does include propulsion equipment and air conditioning.

What the Unions Get

Dear Sir:

Your article What Unions Get From Their Members [BW—Jan. 7'56,p44] vitally concerns this office and members of the National Postal Transport Assn.

The fifth item from the bottom in the second column, shows this association as having "28,000 members," minimum monthly dues "$5.75" and an annual income from dues (minimum) "$1,932,000." This is a great distortion of fact.

The National Postal Transport Assn. . . . is a fraternal benefit society with a great portion of the dues collected being returned to the membership as benefits in cases of accidental injury or accidental death.

The largest amount of dues paid

Fire strikes <u>two</u> box plants . . .



A SIX-ALARM FIRE in this unsprinklered paper box plant rages out of control. Within two hours the blaze, fed by tons of baled paper, had gutted the 5-story brick building. The loss was reported at $400,000.



SPRINKLERS STOPPED a possibly serious fire at the Sandusky, Ohio factory of Hinde & Dauch Paper Company. A Grinnell Automatic Sprinkler System checked the spread of flames before firemen arrived.

COULD YOU SURVIVE a disastrous fire? Would insurance fully reimburse you for the loss of buildings, equipment, records, trained personnel — in short, *your ability to produce?*

Grinnell Sprinklers, operating with automatic certainty, stand ready day and night to stop fire when it starts . . . during those first few moments when a little water will do what *tons* of water often cannot accomplish later.

In terms of losses from fire, the cost of Grinnell protection against fire is small. When you consider that the installation of a Grinnell Automatic Sprinkler System reduces fire insurance premiums from 50% to 90%, it will be recognized as an investment that pays for itself within a few years, and then starts paying you substantial cash dividends.

We shall gladly survey your property and submit an estimate, without cost or obligation. Write or phone us. Grinnell Company, Inc., 265 West Exchange Street, Providence 1, Rhode Island.

GRINNELL

PROTECTION AGAINST EVERY FIRE HAZARD

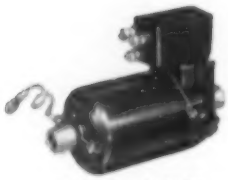
Manufacturing, Engineering and Installation of Automatic Sprinklers since 1878



Explosion-proof vacuum unit.

Thoroughbred Fractional HORSEPOWER

for your motor-driven products



Aircraft windshield wiper motor.



Radar voltage regulator gear motor.



For motor-driven office equipment.

The unexcelled performance of Lamb Electric Motors in many types of industrial, commercial and domestic products is evidence of their outstanding quality.

Dependability and efficiency (optimum weight-size-horsepower ratio) are features that result from proper design and careful manufacture by personnel having many years of experience in the small motor field.

May we demonstrate how Lamb Electric Motors can bring these advantages — and also perhaps lower costs — to your products?

THE LAMB ELECTRIC COMPANY
KENT, OHIO

In Canada: Lamb Electric — Division of Sangamo Company Ltd. — Leaside, Ontario

Lamb Electric
SPECIAL APPLICATION FRACTIONAL HORSEPOWER MOTORS

in any one year by any member is only $24.00 per annum. This amount is divided up by the five funds with a portion going into a Benefit Fund, Annual Dues, and General Fund, with two portions being returned to subordinate divisions and lodges.

Our total membership at the close of business on December 31, 1955 shows that we had 26,773 members belonging to the beneficiary department and 191 general or non-benefit members. Of this total membership there is approximately 4,500 of them retired that pay annual dues in an amount of $6.00 or at the most $18.00. . . .

JERAULD MCDERMOTT
SECRETARY
NATIONAL POSTAL TRANSPORT ASSN.
PORTSMOUTH, N. H.

Arthritis Break-Through

Dear Sir:

I was most interested in reading the article Arthritis: Break-Through in Sight [BW—Feb.25'56,p86].

Both in my capacity as Director of Public Relations here at Schering and as a Director of the Arthritis and Rheumatism Foundation, New Jersey Chapter, I am always glad to see the story of arthritis being told to more people. I think you have summarized the story to date very well. As far as our products Meticorten and Meticortelone are concerned, we concur with your statement, "but—it was still not a cure." Naturally, we are proud of the great relief our products have brought to many patients and enabled many who were bedridden to get around and do a day's work and others who were in continual pain to receive relief. Schering is continuing active research on the problem and you may be certain will be in there when the answer is found . . . .

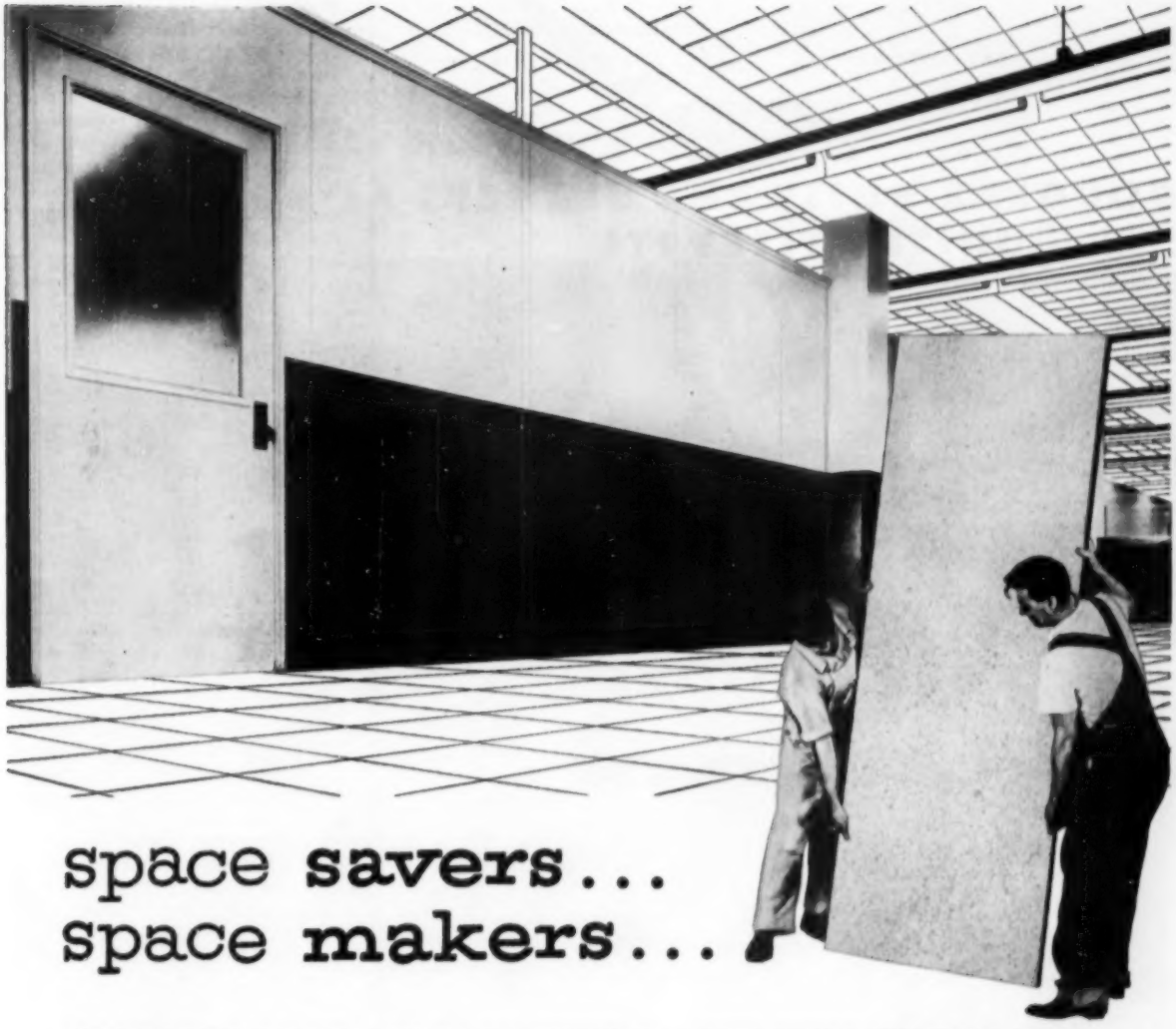
GEORGE C. STRAAYER
DIRECTOR OF PUBLIC RELATIONS
SCHERING CORP.
BLOOMFIELD, N. J.

The New Cyclops

Dear Sir:

Congratulations on your fine special report Television: The New Cyclops [BW—Mar.10'56,p76] showing how television has influenced the lives of American families.

We in the toy industry have found that instead of its "stealing" children's time away from their playthings, it has stimulated play in the home. Parents do not go out



space savers...
space makers...

J-M Class A Asbestos Walls are movable... save space and make space ...are noncombustible, moderately priced... come in pleasing colors

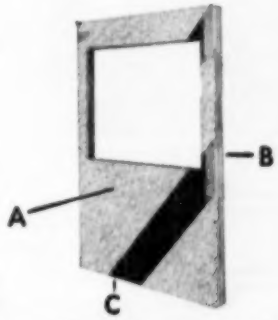
New Johns-Manville Class A Movable Walls offer you advantages never before combined in an asbestos movable wall. They are modestly priced. They are noncombustible. They have a textured, stipple finish in restful colors. They reduce maintenance and relocation costs to a new low.

The finish of Johns-Manville Class A Movable Walls is a tough, hard film much thicker than on the usual movable partition. It is mar- and scratch-resistant . . . rejects stain and soil . . . can be easily washed and even scrubbed, if necessary. If damaged, it can be touched up inexpensively to look like new . . . and, unlike other types of factory-finished partitions, can be repainted with ordinary paint.

Undivided responsibility for a complete job

These flush or glazed partitions are erected as well as furnished by the Johns-Manville Construction Department complete with doors, door hardware, glass and trim.

Johns-Manville Movable Walls are available in several types to meet varying budget considerations. For details, write Johns-Manville, Department BW, Box 158, New York 16, New York. In Canada, write 565 Lakeshore Road East, Port Credit, Ontario.



A Noncombustible asbestos-cement surfaces

B Generous reinforcing for added strength

C Noncombustible all-mineral insulating core

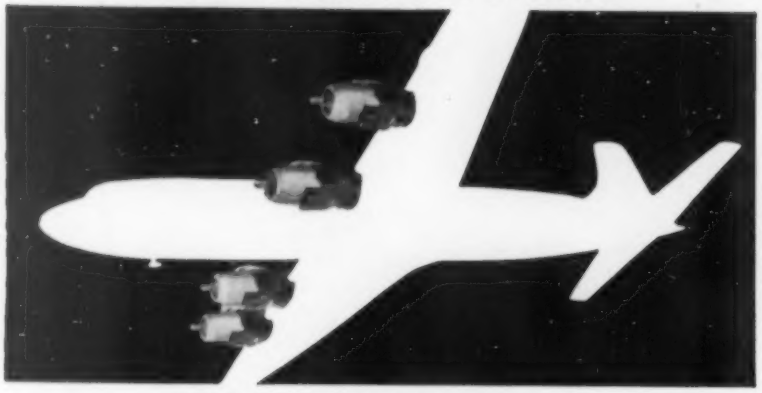
See "MEET THE PRESS" on NBC-TV, sponsored on alternate Sundays by Johns-Manville

JOHNS-MANVILLE JM PRODUCTS

Johns-Manville



DOUGLAS BUILT THE PLANE!
UNITED FLIES IT!



ROHR BUILT THE

POW R PAX
TRADE MARK

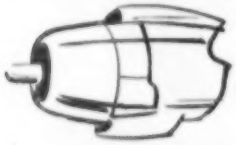
Pictured above – the world famous Douglas DC-7 flying for United Air Lines.

And right below it – Rohr's essential part in the building of this great airplane . . . the ready-to-install Pow-R-Pax* on the wing.

Today, Rohr Aircraft Corporation . . . pioneer of the ready-to-install Pow-R-Pax idea . . . builds more of them than anyone in the world.

You can see them everyday on the Douglas DC-7 . . . and other famous passenger planes . . . flying you and your friends everywhere safely and speedily by air.

WORLD'S LARGEST PRODUCER OF READY-TO-INSTALL POW-R-PAX FOR AIRPLANES





* Rohr starts with a bare engine and builds the motor mount, sheet metal cowling, panels, diaphragms, supporting structures, various air ducts, fuel and oil lines, electrical harness assemblies, and installs other items necessary for the engine's operation, to make a complete "Power Package."

ROHR
AIRCRAFT CORPORATION

CHULA VISTA, CALIFORNIA

Also Plants in Riverside, California and Winder, Georgia

Excellent Career openings now for engineers and skilled aircraftsmen

so often during the week, and many have found board games an excellent diversion from steady TV watching.

The toy industry is now naming toys and games after popular TV personalities because of their outstanding marketing and merchandising value. Last year, as an experiment, Transogram Co. introduced six TV-name games including the game of Dragnet. The latter did so well, we couldn't keep up with the orders. On a television show where it was being offered as a prize to children, it was selected by 7,000 children from among dozens of other prizes. This year, we are introducing Jackie Gleason's "And Awa-ay We Go" game based on his eight TV character roles first shown at this month's Toy Fair. The response was so great, we are booked for months ahead.

As far as the toy industry is concerned, television is the greatest toy promoter going. We shall continue to capitalize on its limitless selling power with high-rating-program tie-ins.

CHARLES S. RAIZEN
PRESIDENT
TRANSOGRAM CO., INC.
NEW YORK, N. Y.

Dear Sir:

. . . We have read with interest and appreciation your reference to radio in the special report Television: The New Cyclops [BW—Mar.10'56,p76]. Your treatment is generally factual and objective, stressing the fundamental strength, resilience, and ubiquity of the medium of radio, and we thank you for it.

JOHN F. MEAGHER
VICE-PRESIDENT FOR RADIO
NATIONAL ASSN. OF RADIO & TELEVISION BROADCASTERS
WASHINGTON, D. C.

What Beguiles Nurses?

Dear Sir:

The unsigned letter which you carried in Readers Report [BW—Sep.17'55,p12—Battle for Nurses] states: "The head of the house, whether he be manager or employee, gets a selfish service on the job, and when he is sick . . . suffers from the proper distribution of nursing care he helped to destroy" because of "the demand of registered nurses in government and business, and also the resulting competitive wage rates."

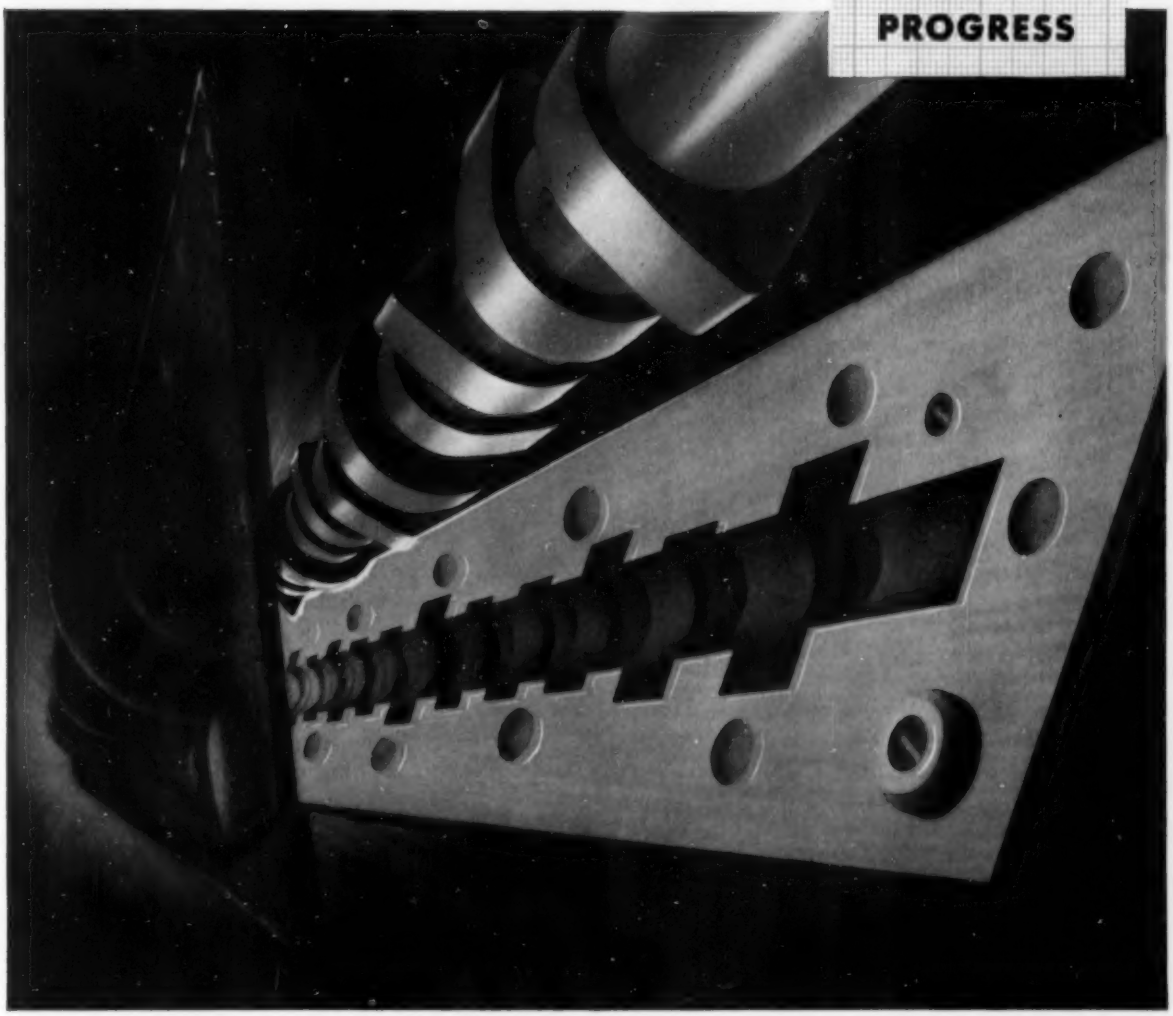
True, there are 14,000 registered nurses (4% of the total) in industry today. They are doing a

Q. *Could chemical science help make possible the incredibly thin sand molds required by the new shell-molding process?*

A. **RESINS THAT HATCH CASTINGS FROM WAFER-THIN SHELLS**

Another example of

CHEMICAL PROGRESS



When shell molding was introduced to American industry, sceptics were quick to ask, "How can sand molds—*a quarter-inch thick*—withstand the heat and pressure of molten metal?"

Chemical research in *resins* answered the sceptics—by making wafer-thin sand shells of phenomenal strength.

In fact, General Electric chemical research came up with not one—but three—shell-molding products: a binding resin to form the shells themselves; a silicone release agent to free shells from hot patterns; and a bonding resin to cement shell halves together.

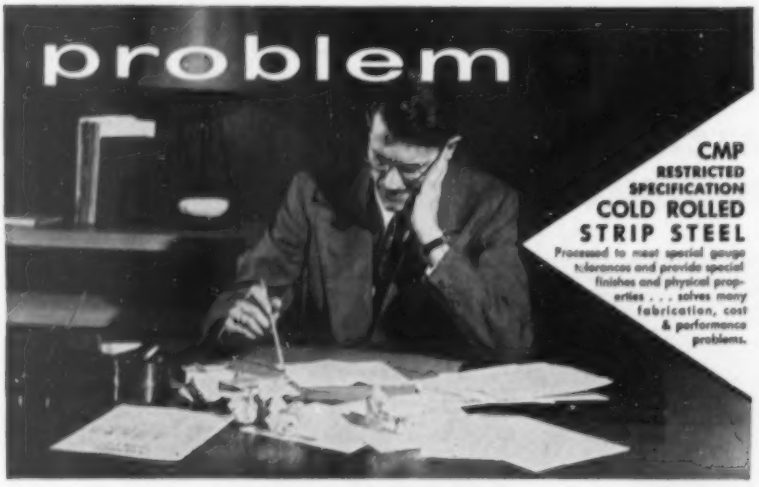
Today, more and more foundries are taking advantage of shell molding—thanks to General Electric research in resins. It's another example of progress for all—through General Electric *chemical* progress.

• • •

For new developments in Plastics Compounds, Silicones, Electrical Insulating Materials, Industrial Resins and Varnishes, Plastics Laminating and Molding . . . write for "G-E Chemical Products" Booklet (CDG-101) to: *CHEMICAL AND METALLURGICAL DIVISION, General Electric Company, Section 6G1A2, Pittsfield, Mass.*

Progress Is Our Most Important Product

GENERAL ELECTRIC



Helping to overcome metal fabricating difficulties, improving products without skyrocketing costs or just getting costs down are usual events with **CMP.**

For example, the manufacturer who was heat-treating formed steel parts subsequently assembled with other components into a powered unit. The forming involves severe deformation and was hampered by lack of uniformity in the annealed strip steel. Distortion in the heat treatment followed, resulting in a low percentage of finished assemblies passed as satisfactory.

To minimize these fabricating difficulties, **CMP** developed a special annealing process for the strip. Using this steel, parts, when subjected to the manufacturer's standard heat-treating practice, were acceptable and yield was greatly increased.

At **CMP,** processing cold rolled strip steel to restricted specifications has been reduced to an exact science and **CMP** men have been trained to spot opportunities for solution of production cost and product improvement problems through application of restricted specifications.

Why not put your problems up to a **CMP** man?

C M P

THE COLD METAL PRODUCTS CO.
GENERAL OFFICES: YOUNGSTOWN 1, OHIO
PLANTS: YOUNGSTOWN, OHIO AND INDIANAPOLIS, IND.
SALES OFFICES: NEW YORK CLEVELAND DETROIT INDIANAPOLIS
CHICAGO LOS ANGELES SAN FRANCISCO



magnificent job because they are registered nurses and are qualified by education, experience, and special personal qualifications. Only such a nurse can be responsible, as they are in many cases, for the entire health and first aid service of a plant with only part time medical coverage. It is impossible to estimate the savings in money and intangibles that such a nurse [makes] to keep working people well.

It is not true, however, that these nurses are beguiled away from the bedside of languishing hospital patients by large salaries. The few dollars that industrial nurses receive in some cases is small for a professional person with many years of preparation and experience.

It's not the salary that beguiles nurses into industry. It's the fact that in industry, in contrast to hospital nursing, a nurse is treated like a human being. She is a person, not just the pawn of autocratic hospital leadership which is the biggest cause of failure of hospitals to keep themselves staffed adequately.

There are 610,000 graduate nurses in our country today. Of this number 220,000 (40% of the total) are not practicing their profession. Some of these women have quit to get married, but most have quit for jobs as salesgirls, waitresses, and factory workers where pay alone doesn't lure them, but the desire to escape the autocracy and all the unattractive working conditions that it has brought about. Singularly enough, while most of these nurses like bedside nursing, they also like to be treated like human beings—first class human beings—something they rarely experience in any hospital. Until hospitals consider this factor and give it more than lip service, nurses will continue to get out of nursing . . . and young women will not find nursing a satisfying career opportunity.

Since organized nursing has failed to do something about the nursing situation . . . I urge [all who are interested] to write to the Honorable J. Percy Priest, Chairman of the Interstate Foreign Commerce Committee, Room 1334, New House Office Bldg., Washington, D. C. urging favorable consideration of the pending bill H. J. Res. 485 which will have the power to investigate and make recommendations of the nursing situation. . . .

VIENO JOHNSON

NEW YORK, N. Y.



J. B. Rustic, General Superintendent, Operating Department, American District Telegraph Company, tells how:

"We stopped 2,000 burglars last year!"

"Stone walls, iron bars, squads of guards — nothing protects money and property like our burglar alarm service — in co-operation with the police, of course.

"Every year, ADT Protection Service saves subscribers hundreds of thousands of dollars by automatically detecting burglaries, fires, and other dangerous conditions.

"Our systems have to work — all the time. And they do, thanks to constant supervision, proper maintenance — and to Air Express!

"For if new parts are needed, Air Express delivers for us anywhere in the country in a matter of hours!

"Yet, we actually save money with Air Express. A typical 20-pound shipment goes from New York to St. Louis for $7.48. That's $3.17 less than any other complete air service!"

Air Express

GETS THERE FIRST *via U.S. Scheduled Airlines*

CALL AIR EXPRESS . . . *division of* RAILWAY EXPRESS AGENCY

HOW *HERCULES* HELPS...



MULTICOLOR APPEAL—More than 1,000,000 square feet of exterior and interior surfaces of the new Los Angeles Beverly Hilton Hotel have been decorated with single-spray applications of "Zolatone," Paramount Paint & Lacquer Company's multicolor lacquer*. Based on Hercules® nitrocellulose, multicolor lacquers are a fast-drying, economical, and durable decorative finish.

*U.S.Patent No. 2,691,904, held by Colorsmic Coatings, Inc., Los Angeles.



A PRODUCTION LINE PROBLEM, excessive foam can destroy quality control in the manufacture of paper, synthetic rubber, and other products. A 2½ pound brick of convenient, easy-to-handle Hercules® Defoamer 4, however, can make as much as 40 gallons of highly effective foam control solution. Send for free testing sample.



A NEW SOURCE OF SUPPLY for acetone has been created by Hercules' Gibbstown, N. J. oxychemical plant. From photographic film to nail polish, from paints and lacquers to acetate rayon, acetone plays a vital production role as a solvent.

HERCULES POWDER COMPANY
INCORPORATED
968 Market St., Wilmington 99, Del. Sales Offices in Principal Cities
SYNTHETIC RESINS, CELLULOSE PRODUCTS, CHEMICAL COTTON, TERPENE CHEMICALS, ROSIN AND ROSIN DERIVATIVES, CHLORINATED PRODUCTS, OXYCHEMICALS, EXPLOSIVES, AND OTHER CHEMICAL PROCESSING MATERIALS

GSS-10(8)

HERCULES
CHEMICAL MATERIALS FOR INDUSTRY

BUSINESS OUTLOOK



Auto dealers are moving cars—and finally paring inventories.

Now you can begin to feel a bit of genuine enthusiasm (page 23), not just hopeful statements for the record. March will be a good month, even though it can't come up to year-ago registrations of 636,500.

Registrations for the first quarter shouldn't be too far short of 1½-million, the best on record except for last year.

Stocks of cars in dealers' hands remain at very high levels, but at last they apparently are being reduced.

This, of course, is as much a matter of output cuts as sales gains.

Production this month will be just over 600,000 (compared to the monthly peak of nearly 800,000 a year ago). Registrations plus exports and unregistered sales should be around 650,000.

Estimates of cars in dealers' hands and in transit, compiled by Automotive News, reached a new peak of 904,000 on Mar. 1.

Obviously a cut of even as much as 50,000 this month is going to leave them high. Yet any change in direction is welcome after the speedy accumulation of the last few months.

There won't be very much overtime work in auto plants yet awhile, but payrolls will fatten up now that most of them are back on a five-day week. And rehirings are taking the place of layoffs.

The auto slump, such as it was, can now be pretty much written off.

—•—

Unemployment has remained low for this time of year, in spite of strikes and the automotive layoffs.

It amounted to only 4.4% of available workers in February—lowest for the month in the postwar period except during Korean hostilities.

Employment offices will have to look to the jobless for most of their recruits, at least until schools let out.

Not much recourse can be had to "emergency workers." They were drawn into the labor force last year by favorable job opportunities. You can see that in the extraordinary year-to-year rise of 2¼-million people either working or looking for work.

That's far more than the "normal growth" of the labor force, which still is coming from the "hollow generation" born in the thirties.

Gains in factory employment, as you would expect, are showing up most sharply in lines turning out producers' goods.

Year-to-year job increases run better than 10% in both primary metals and in nonelectrical machinery. Electrical machinery's gain will rise to similar proportions with Westinghouse back in operation (page 28).

The transportation equipment industries—which include aircraft and railway rolling stock as well as automotive—show the effects of auto cutbacks and are about where they were a year ago, employmentwise.

Increases in employment are general in factories turning out softgoods—but much less spectacular than in metals and machinery.

Textile output isn't providing many more jobs than a year ago, yet there's a fair gain in apparel and other finished textiles.

Softgoods plants like chemicals, rubber, and paper—much of whose output goes to industry—all are posting good year-to-year pluses.

—•—

Some people who were hoping to get a little extra steel in the second quarter will be left in the lurch.

Iron Age reports this week that mills are afraid they've oversold.

They booked extra business to fill holes anticipated in schedules for auto companies. But now Detroit has come back for more shipments in the second quarter than had been anticipated.

Thus some business booked for delivery within the next three months will have to be carried over.

Improved prospects that there will be no appreciable letdown in steel demand any time this year is reflected in the push for output.

Operations in the industry last week once again were slightly in excess of theoretical capacity. This pushed production to a new high of 2,477,000 tons for the week.

Those price drops in steel scrap earlier this year were not the harbingers of a setback in steel. If anyone needed any convincing, it might be noted that scrap started back up again several days ago.

—•—

Aluminum isn't being outdone in the matter of new records by very many metals—not even steel.

February didn't set a monthly high, it is true. But, on a daily average basis, there was a new mark of 4,578 tons. If March no more than maintains that pace, there will not only be a new monthly record set; there will also be a new high for any quarter.

—•—

Oil people have done almost too good a job, over the years, of selling one of their byproducts—heating oil. They have thus created a winter peak in petroleum demand, forcing them to store gasoline.

Sometimes this results in too much gasoline—and even price wars in the product that should be the big money-maker.

Even so, the industry will resist any efforts of competitive fuels to stem its growth. The growing trend to gas heat—and a brightening potential for electricity—poses such a threat.

So, according to McGraw-Hill's Petroleum Week, the oil people are launching what bids fair to be their biggest drive ever for oil heat.

—•—

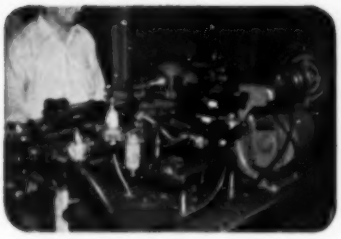
Costs have been going up. Yet competition is such that prices of all commodities at retail average almost exactly the same as a year ago. That kind of squeeze helps to explain rising business failures in the midst of a boom like this.

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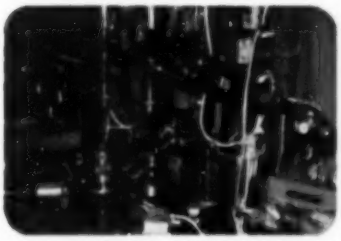
Are you afraid of AUTOMATION . . .



. . . because you think it's too complicated and expensive?



For example, this lathe, equipped with two Bellows **Fluid Power Units**—performs four operations on the steel shells of oil seals. The fluid power method stepped up production 450%.



Here's a case where **Fluid Power** control enables one operator to turn out the work of four. He services two units like the one shown. The operation is a critical reaming job on the six chambers of a revolver cylinder.

You don't need to be . . .

You don't need to invest heavily in special machinery—or build intricate robot production lines. For many of automation's practical advantages can be realized with only nominal investments of time and money.

Perhaps you don't yet know how quickly and inexpensively Bellows *fluid power work units* can be used to convert your present machines to automatic operation. Or how economically they can be used to combine several operations in a single special-purpose machine, designed and built in your own plant.

These versatile, precision units combine air, hydraulic, and electrical components into one compact *fluid power* package. This complete-package design assures you a minimum of engineering and installation costs.

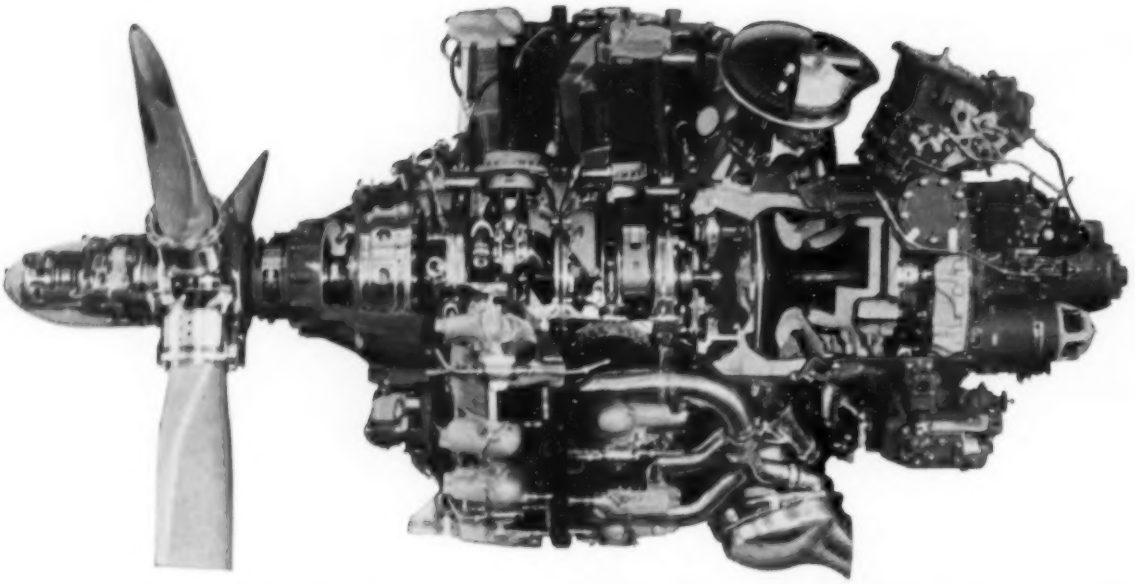
In addition, The Bellows Company offers you—through our staff of more than one hundred Field Engineers—the technical know-how to put Fluid Power to profitable use in your own plant.

It costs you nothing to get the story. Simply write for your copy of our four color booklet, Bulletin ML-3. Address Dept. BW-356. In Canada, Bellows Pneumatic Devices of Canada, Ltd., Toronto.

1376-A

The Bellows Co.

AKRON 9, OHIO



CURTISS-WRIGHT
Turbo Compound Engines are in use by 30 World Airlines plus leading military aircraft

Kelsey-Hayes helps put 20% power bonus into Curtiss-Wright engines

One more example of Kelsey-Hayes diversity at work for major industries throughout America

Any way you translate it—*20% longer range, 20% less fuel, 20% more payload*—power recovery turbines on the Curtiss-Wright Turbo Compound engine mean greater operating economy. The entire power recovery unit—requiring 2000 close tolerance machining operations—is manufactured to highest engineering standards by the Aviation Division of Kelsey-Hayes.



CROSS SECTION of the velocity-type, power recovery turbine unit manufactured for Curtiss-Wright by Kelsey-Hayes. The unit consumes no fuel. Exhaust gases are piped directly to the turbine and converted to usable power. There is no harmful back pressure. Effective operation is assured at all speeds and altitudes.

KELSEY-HAYES

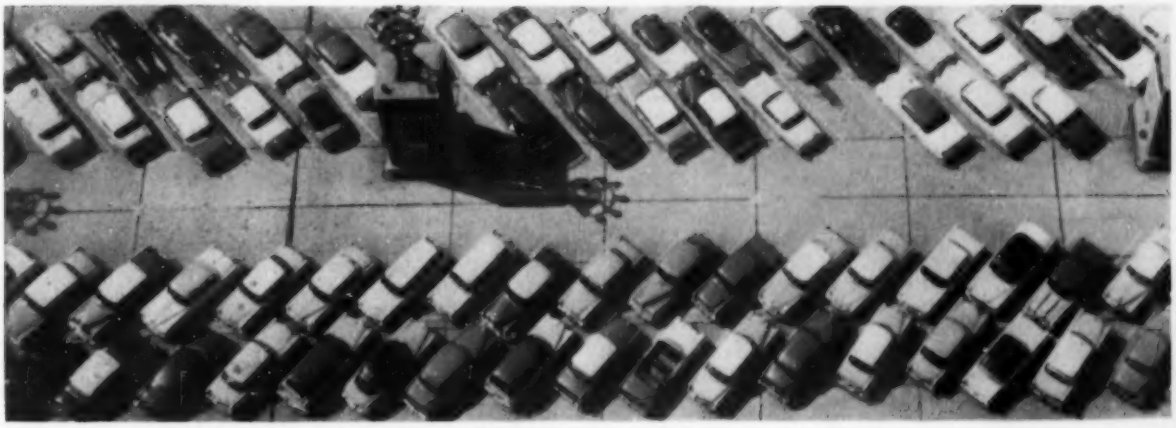
Kelsey-Hayes Wheel Co., Detroit 32, Mich. • Major Supplier to the Automotive, Aviation and Agricultural Industries

TEN PLANTS / Detroit and Jackson, Michigan; McKeesport, Pa.; Los Angeles, Calif.; Windsor, Ontario, Canada • Davenport, Iowa (French & Hecht Farm Implement and Wheel Division) • Springfield, Ohio (SPECO Aviation, Electronics and Machine Tool Division)

BUSINESS WEEK

MARCH 24, 1956

NUMBER 1386



Autos Seem Set to Move Again

SPRING was moving north more slowly than usual this week, but ahead of it came the expected upturn in auto sales. That's how it seemed at first glance, anyway. Sales so far in March are definitely better than in February, and in some areas they're better than a year ago.

Even so, many dealers are wondering if spring has anything to do with the current upturn. They feel that the early-March sales increase isn't the beginning of the true "spring selling season." And they think the seasonal surge won't really begin until next week.

In Louisville, a Mercury dealer claims sales in the past 10 days were 50% above the same period in February. Why? "Well," he says, "we had a strong advertising campaign. That was part of it. But beyond that I don't know what did it."

Other dealers with climbing sales feel their business has been generated by the general confidence that followed Pres. Eisenhower's announcement of his candidacy.

• **Climbing All Over**—BUSINESS WEEK reporters, talking to auto dealers in 25 cities last week, got much the same answer nearly everywhere. Sales were up, except in five widely separated cities. And in Detroit, the factories were citing a sales increase. Ward's Automotive Reports put deliveries in the first 10 days of March at 195,000—13% above the Feb. 1-to-Feb. 10 period, and only 5% less than Mar. 1 to Mar. 10 last year.

Most dealers don't bother trying to guess the reason for last week's upswing. They're just happy to be caught in it, and they're wallowing in a confidence that is surprising in the face of (1) the largest dealer inventories in automotive history, and (2) forecasts that the year's auto sales will be off 12% to 15%.

I. Sales & Profits

You can narrow the focus on the auto market by looking at the dealers' reports on sales of normally popular makes that were difficult to sell early this year: Dodge, Mercury, Pontiac, and, to some extent, Ford. Dodge dealers generally are ecstatic. Mercury has moved back strongly in most areas. Pontiac sales have strengthened, but, judging from what some dealers say, not so widely as Dodge and Mercury. Ford is moving back to contend with Chevrolet, but it's a hard pull because Chevvy seems to be a run-away seller in all parts of the country.

• **No "Silly Business"**—Dealers are even getting cautiously optimistic about profits. In Houston, one city where no sales increase is apparent yet, a Buick dealer consoles himself: "Profit-wise we'll do better this year than last, but we'll make those better profits on fewer sales. We've all come to realize that selling a new car for $50 or $100 profit over cost is just silly business."

One thing that's helping improve the dealers' profits is the apparently growing liquid assets of the current crop of customers. Maybe, says a Chicago dealer, they're becoming more conscious of the high first-year depreciation of a new car. Finance companies are writing tighter terms; dealers are writing better deals for themselves. Customers seem to be making a more sober appraisal of what they can spend. Many dealers say their customers will now take a second-best line, or possibly even a used car.

• **Rebuff for Bargainers**—Price haggling still goes on in the new car showrooms. Dealers say almost all of this is inspired by the customers' belief that the 1957 models will be out so early that dealers should be unloading stock already. The dealers, and the factories, know that this just isn't so. Ford may be out in late August or early September; the other makes will be introduced right through November.

Now that their profit pinch is easing, you might think dealers would take time to worry about their inventories. But they're not worrying. And this indicates not only strong sales prospects, but possibly a significant change in the nature of the auto business.

II. Inventories

Stocks are extremely high: Cars in dealers' hands or en route to them on Mar. 1 totaled about 900,000. Even last summer, when inventories began causing some head-shaking outside the auto business, the figure reached only 850,000. Dealers themselves report a wide range of inventory figures—from a low of 10 days' supply in the hands of a few Chevrolet dealers, to 90 days'

supply at Dodge-Plymouth dealers in Chicago and Phoenix.

But few are alarmed at the size of their stocks. There's one simple reason for this: Detroit has trimmed production. Dealers feel the factories are watching inventories closely.

• **Hard to Choose**—But there's another, less obvious, reason. A dealer in Memphis illustrates it: "We had 52 sedans in stock the other day, but a man and his wife couldn't pick out one that they wanted."

The fact is that dealers have to carry many more cars in stock than they did a few years ago because there are so many optional features and color schemes available these days. For a year or so, dealers have been complaining bitterly about this. But now they seem to have ceased grumbling. It could be that they're accepting this change in the auto business.

A Charlotte (N. C.) dealer says: "We have a better stock of cars than we had a year ago, and we need all of them to meet the customers' preferences."

The time-honored standard is that a dealer should have not more than 30 days' supply of cars. Today, dealers don't seem frightened when they have a 40-day or 45-day supply.

III. The Outlook

Because of all this, there's beginning to emerge in Detroit a still timorous whisper that perhaps early forecasts of 1956's auto sales were too low. The few who do hold this view do not think the forecasts missed by much. For example, they guess that auto sales, instead of standing at about 6.5-million may go as high as 6.7-million.

• **Pockets of Doubt**—Around the country, some super-confident dealers think they'll do as well, or better, this year as they did in 1955, when total auto sales were almost 7.2-million. But most confine their confidence to predictions of excellent business in April and May. There's optimism on this score among dealers from San Diego to Boston, Miami to Kansas City and Seattle. But there are pockets around the country where the doldrums remain. In New York, the auto business is as quiet as it has been for months. In Atlanta, it's only so-so. In Dallas, one dealer says: "I haven't made a weekly quota in so long I can't remember when." And in Houston, some dealers say they're running out of space in which to store unsold cars.

More generally, you find that dealers are thinking pretty much like the Chevrolet man in Louisville, Ky., who admits his sales are 15% below his target but maintains: "I'm more optimistic than I was in January about the outlook for April and May; but I don't know why I feel that way."



Soviet Flank Attack

The story comes piecemeal, the names are strange-looking, the details are bewildering, but one basic fact emerges these days from the foreign news: The East-West conflict has shifted to a long belt stretching from Morocco to South Asia.

The map shows the area of struggle. **In dark blue,** neutral India and Afghanistan and the Arab countries that are flirting with Moscow; **in light blue,** the Arab countries that are breaking away from France; **in gray,** the anti-Soviet Baghdad pact countries; **dotted,** anti-Arab and anti-Soviet Israel.

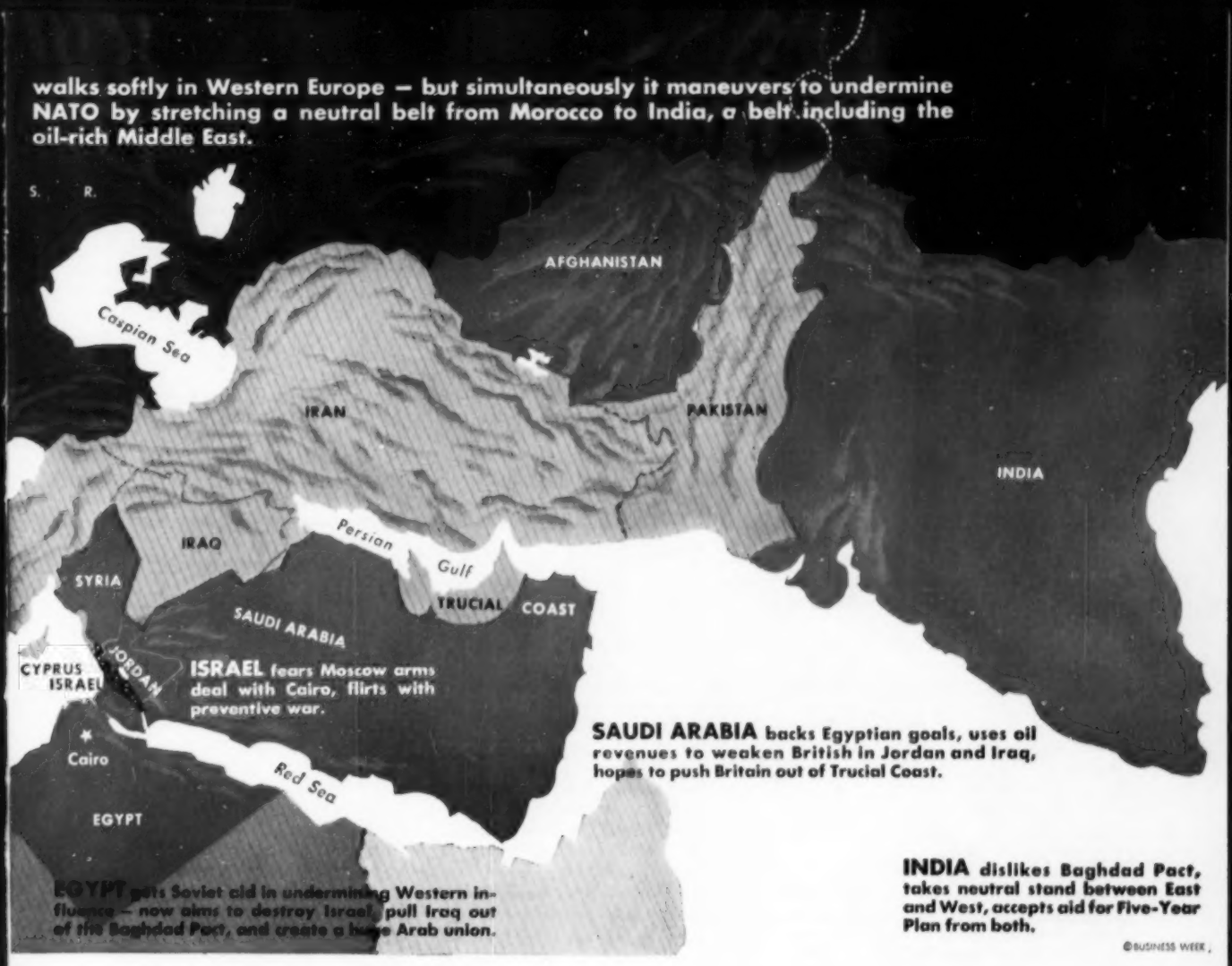
In this zone, once a colonial appendage of Western Europe, the Russians are pushing their post-Geneva economic and political offensive. By helping to fire up Arab nationalism and offering economic aid to South Asia, they hope to create a neutral Arab-Asian bloc whose interests and sympathies will lie more with the Communist East than with the West. And there's no doubt they have made headway in the past six months, since Moscow made its first big Middle East breakthrough with its arms deal in Egypt.

• **Disjointed Opposition**—Meanwhile, the West hasn't been able to decide exactly how to deal with the Communist challenge, especially in North Africa and the Middle East.

There, Britain and France are pushing for a coordinated policy of slapping down Arab nationalism. They would like to put the North Atlantic Treaty Organization into action defending Western interests all around the Mediterrean, not only on the European shore of the sea.

On the other hand, the U.S. wants to play things down the middle for the time being, taking no sides between contending local forces.

• **U.S. Action**—This week the U.S. was acting on that principle:



Threatens Unity of the West

• Pres. Eisenhower asked Congress for more foreign aid funds and new authority to meet the Soviet offensive with a more flexible aid program (page 68). The message came as Secy. of State John Foster Dulles wound up a swing through Asia, in which he assured Asian neutrals that the U.S. is ready to grant economic aid without any political or military strings.

• C. Douglas Dillon, U.S. Ambassador to Paris, pledged U.S. support to France in a search for a liberal and equitable solution of the Algerian problem.

• The U.S. delegation to the United Nations, with approval of the British and French, called on the Security Council to act on the Arab-Israel conflict.

The difficulty is that these moves aren't likely to accomplish much in reducing the tension between Israel and its Arab neighbors or in calming British and French fears that they are in danger of losing vital assets in the Middle East and North Africa respectively.

This means there's little chance of quickly settling the basic differences that divide the Atlantic allies. These differences have grown out of widely divergent views on how best to maintain Western influence in the Mediterranean basin.

I. Grounds for Divorce

In general, Britain and France agree with each other—they have similar stakes in the struggle against Russian-backed nationalism—while most U.S. officials oppose any effort designed to pull British or French chestnuts out of the fire.

London and Paris feel that the time has come for all three Western powers to hurl their weight at the Arab nationalists—or anyone else who, like the Greek Cypriots, would undermine the West's military position. They feel that things have reached a point where the U.S. should be reaching across the Atlantic, as it did with the Marshall Plan and with NATO, to save its allies from this new threat.

Washington, on the other hand, feels that the only safe course is to refuse to take sides between the Arabs and the Israeli, or the Arabs and the French, or the British and the Greeks. U.S. officials see any other policy as increasing the danger of a Middle East war or giving Moscow an opportunity to bring Egypt into its camp. So there's almost no chance that the U.S. will join in the kind of concerted effort that London and Paris want.

• **Positive Action**—In the explosive Arab-Israel situation, the most that Washington is likely to do is to keep sizable forces nearby for possible intervention, meanwhile pressing the U.N.

to do everything possible to keep the temperature down.

As for Britain and France, Washington will probably try to restrain both countries from taking any measures that need more force behind them than either country possesses.

In a sense, this is like the attitude that Britain and France took when it looked to them as if we might get too tough for our own good over Korea, Indo-China, and Formosa.

• **Understanding**—Washington understands the spot our allies are in. U.S. officials sympathize when French leaders say: "If the Mediterranean becomes a moat instead of a passageway, France will cease to be a great power and will see the whole of Africa closed to her." They understand, too, why British Prime Minister Anthony Eden last week justified London's recent bulldog tactics by declaring that abdication in the Middle East would lead directly to neutralism—"and for Britain to be neutral is slow death."

Even so, most U.S. officials take a dim view of British policy in the eastern Mediterranean, especially in Jordon and Cyprus. And they won't even consider some of the actions London has been urging—things like joining the Baghdad Pact, cutting off Saudi Arabian oil revenues, threatening Egypt with wholesale dumping of our cotton, calling the Greeks to task for backing the rebels in Cyprus.

There's a feeling in Washington that London is getting panicky and Eden desperate about his political future—and a conviction that Britain and France are so weak and have bungled so badly that U.S. association with their strong-arm methods is absolutely out of the question.

II. London Talks

With or without U.S. approval, the chances are that the Eden government will plow ahead on its own charted course. London sees no room for compromise in preserving its interests in the Middle East; it regards military power as the best curb on anti-Western nationalism.

At the same time, this uncompromising stand casts a strange light on the Eden-Khrushchev-Bulganin talks in London next month. Both sides now will find it easier to make high politics out of what had been arranged last summer as merely a friendly follow-up to the Geneva meeting at the summit.

• **Cross-Purposes**—Eden heard recently from the Russians that they are prepared to negotiate seriously. He is quite prepared to go along, partly to rebuild his prestige at home, partly in the hope of getting somewhere on (1) the Middle East, (2) disarmament, (3) a European security pact that might eventually clear the way for solving the German problem.

The Russian leaders will doubtless try to tempt the British with vague offers to reduce pressures in the Mediterrean. They'll also try to create a friendly atmosphere, to convince the British public that their offers are genuine and offer a better way out than Britain's alliance with the U.S.

Some American officials scoff at the idea that any Soviet-British deal is possible. Others fear that, if the U.S. won't make any concessions to Britain's uncompromising policy, there's some danger that we might drive Eden to at least toy with the idea of a new Soviet-British friendship pact.

• **Middle East**—The things that are all-important to Britain are Middle East oil and the short Suez route to South Asia. As the British see it, both are threatened by the surge of Arab nationalism, picking up force from Moscow backing and lack of Western resistance.

London's feeling that this surge can be checked only with military strength in the area explains why the British refuse to compromise with Greek national feelings in a place so strategically important as Cyprus or with Saudi Arabian feelings in a place so rich in oil as British-controlled Trucial Coast.

This is the same conviction that led the British to deport Archbishop Makarios from Cyprus and to prepare to use force against any incursions into the Trucial Coast from Saudi Arabia. It would also lead them to put up a last-ditch fight to keep Iraq from leaving the Baghdad Pact and lining up with Egypt's Nasser.

• **Value of Oil**—Middle East oil is vital not only for the revenues it brings in and the dollars it saves but even more to meet Britain's need for ever-increasing fuel supplies. Britain shares this need with the rest of Western Europe (BW—Mar.17'55,p140).

Desperation may lead the British, in making a bid for more Continental support for their Middle East policy, to part company with the U.S. on the question of whether the distribution and the price of oil in Western Europe should come under an international authority like the Coal and Steel Community. Up to now, the British have sided wholeheartedly with the U.S., the other big Middle East oil producer, in opposing such an idea.

III. The French View

France feels it has as much at stake in Algeria as the British have in the Middle East, with the same forces threatening both. That's why Premier Guy Mollet, a Socialist, has been working so closely with Eden's Conservative government to forge an Anglo-French common front in the Mediterranean.

Algeria is France's largest overseas market, indispensable to the French textile industry, and it's also a source of raw materials. Moreover, if the Arab extremists, who get much of their encouragement from Cairo, were able to gain the upper hand in Algeria, they would quickly sweep aside the moderates in Morocco and Tunisia whom the French have just managed to satisfy. Thus, France would lose all three footholds in North Africa.

Beyond that might lie catastrophe for France itself. In French minds, Algeria is already a far bigger issue than Indo-China ever was. A humiliating withdrawal from Algeria might lead to anything in France—anything from a Poujadist government to a Popular Front regime, perhaps even civil war.

IV. The Role of NATO

As a defense force for Western Europe, NATO has already suffered from the desperate moves that France and Britain are making to save their vital interests. Most of the French army is now in North Africa, or on its way there. That leaves little more than four U.S. and four British divisions in West Germany as the ground shield for Western Europe.

NATO's Balkan flank, too, has been all but shattered—first by Yugoslavia's drift away from the West and later by Greece's bitterness over British policy in Cyprus and over the Turkish backing that London has been getting.

Besides, you can soon expect Britain and France to shave their financial contributions to NATO as they put more of their resources into their own military efforts in the Mediterranean.

All of this is part of the new pattern that has taken shape in the relations between Russia and the West—a pattern that is traced in terms of economic rather than military opposition.

• **Change of Status**—The fact is that NATO no longer means to Britain and France the same thing it did in its early days. Then it was Europe's sole defense—apart from the U.S. strategic air force—against Soviet attack. Now that the direct military threat from Russia seems to have evaporated, Britain and France would like to see NATO used to defend their interests in the Mediterranean, much as it has defended their security at home. For example, the British would like to see NATO through a new administrative arm, take over such hot spots as Cyprus. This is a new concept of NATO, and one that Washington hasn't been willing to accept. And Washington's lack of interest in such a transformation of NATO is one of the main reasons why the Atlantic Alliance is under increasing strain.

PLAN	TAX REDUCTION for married couple with two dependents income of:								COMMENT
	3,000	5,000	10,000	15,000	25,000	50,000	100,000	500,000	
Present tax	$120	520	1,592	2,900	6,268	18,884	51,912	402,456	
Increase the present $600 per person exemption to $700.	$80 66.7%	$80 15.4%	$88 5.5%	$120 4.1%	$152 2.4%	$236 1.2%	$288 .6%	$364 .1%	*Would lop 5.6-million taxpayers from the tax rolls — which gives it popular appeal. Democrats especially go for this idea. But conservatives in both parties think it's wrong to relieve so many people of the necessity of paying taxes. They'd rather see middle income groups get a bigger break.*
Give a $20 tax credit for each personal exemption and dependent claimed by the taxpayer.	$80 66.7%	80 15.4	80 5	80 2.8	80 1.3	80 .4	80 .2	80 *	*A variation of Plan I. Uncle Sam would lose 5.6-million taxpayers. And persons earning less than $5,000 would walk off with more than half the total savings.*
Cut tax rates back to pre-Korean War levels.	$20 17%	88 17	231 14.5	388 13.4	792 12.6	2,306 12.2	6,269 12.1	43,779 10.9	*Some Republicans find merit in this plan because it reduces taxes the same way they were hiked in 1950. But the plan costs a lot ($4.48 billion) and it doesn't give as much relief to the voters in the lower brackets.*
Split first $2,000 bracket into two $1,000 brackets, with rate on first cut back from 20% to perhaps 15%. Rate on second $1,000 would remain at 20%.	$30 25%	100 19.2	100 6.3	100 3.4	100 1.6	100 0.5	100 0.2	100 *	*Gives every taxpayer some relief, without separating any from the tax rolls. It makes the tax rates more progressive, and is not as costly.*

*Less than 0.05%

Four Ways to Cut Personal Taxes—If

In an election year, every taxpayer is entitled to drool a little in anticipation of getting a personal income tax cut. It's the time when Congress shows its greatest concern over the taxpaying—and voting—public.

This year, the taxpayer is going to have to wait a long time for an indication of what Congress is likely to do about lowering his tax bill—if it does anything.

But if and when it comes, the cut will probably look like one of the plans above—and most likely the fourth. These are the key proposals from among some 20 prepared by the Joint Committee on Taxation. The first was sponsored in 1954 by Rep. Jere Cooper and Sen. Walter F. George. The second passed the House, though not the Senate, last year. The third has considerable Republican support, but the last is favored by key members of the tax committees.

• **Administration Opposes Cut**—Right now the Administration is taking a pretty stiff-necked attitude against cutting taxes. This week, Treasury Secy. Humphrey once again turned thumbs down on a tax cut more emphatically than ever.

Some Democrats link this tougher position on taxes with Eisenhower's decision to run for re-election. According to them, the Republicans feel that with Eisenhower heading the GOP ticket, they don't need to cut taxes to win.

Strangely, not even the Democrats have been making much noise about cutting taxes. Their spokesmen on the tax-writing committees—such as Rep. Wilbur Mills of Arkansas—say they would like to see a tax cut. But they don't rate it so important as a reduction in the national debt as long as the nation continues to enjoy such good economic health.

But although nobody is talking about a tax cut now, nobody is slamming the door on one either—from Pres. Eisenhower on down.

The politicians are biding their time until around April 15 when the budgetary picture and outlook for the fall should come into focus. Then, if there is an indication of a business downturn, the tax-writing committees would move fast to write a bill to ease the burden on taxpayers.



LABOR TEAM balked at accepting a five-year contract in place of old one until . . .



GOVERNMENT MEDIATORS worked out a

How Settlement Came to

This week's Westinghouse settlement was fashioned by government mediators who finally persuaded both sides to accept fundamental changes.



GWILYM PRICE, president of Westinghouse, squared off for five months with . . .



JAMES CAREY, the militant leader of the IUE electrical workers' union.

The Westinghouse Electric Corp. strike was settled in its 156th day.

But the bitterness that led to the strike and fed it for 22 weeks has not been salved. At the windup this week, it was still at a high pitch, and it threatens to hang over the company's operations for months to come—until both sides have worked into a new pattern of labor relations that was laid out by the settlement.

• **Into a Corner**—It was not a settlement by ordinary collective bargaining. At no time during negotiations did the electrical workers' team (above left) and the management's team (above, far right) come even close to a meeting of the minds. Both sides were, in effect, driven into agreement by the government's mediation team (above, center).

The company had accepted the government panel's recommendations two weeks earlier, but the union had balked. Two days before the showdown, Westinghouse again acquiesced on the last points of contention. This time, the IUE finally agreed, but high-pitched voices could be heard in debate from the union's meeting room even in the last hours.

After the agreement, union officials still showed varying attitudes. Those who had stood for a last-ditch fight with



formula of concessions and persuaded the . . .



WESTINGHOUSE TEAM to consent to arbitration procedure and contract reopeners.

Westinghouse Bargaining Tables

the company on reinstating men fired for violence during the strike were morose; those who had favored the package settlement were ebullient.

I. Basis for Agreement

The final settlement package was wrapped up in a 23-hour session of the government team—federal meditator John Murray and private labor relations experts David L. Cole and George W. Taylor—with three-man negotiating teams led by IUE Pres. James Carey and Westinghouse Vice-Pres. Robert Blasier. Murray, Cole, and Taylor convinced both sides that their recommended terms offered the only way out.

A major point of these terms was arbitration procedure to settle grievances. Westinghouse had long opposed this system as—like mediation by outsiders in the contract bargaining itself—an infringement of management's prerogatives. But the company gave in on this principle, and the union then agreed to a five-year contract, the same as General Electric Co., the major Westinghouse competitor, won last summer.

• **Picket-Line Violence**—After the top officials' agreement, the union's full negotiating committee of 14 men still needed another 20-hour session to swallow the terms. The lingering issue was the fate of 36 union members who had been discharged by the company for alleged violence, and it split the committee down the middle.

Carey spoke up for the compromise suggested during the session with the mediators:

• The company will mitigate the discharges to suspensions.

• Cases of suspended workers will be screened at the local plants and settled there if possible.

• Cases that can't be settled at the local plants will be referred for arbitration.

At least six members of the 14-man committee held out for full reinstatement of the 36 workers, but the struggle had run its course. Ratification by the union's 75-man conference board was routine.

II. Sowing the Wind

What caused the strike and kept it going since Oct. 17, the day 40,000 IUE members walked off the job? It was a combination of deteriorated relations, bad bargaining, and bad timing on the part of both the company and the union.

• **The Company**—Westinghouse was asking for trouble when it injected a new bargaining issue—a five-year contract to replace the remaining year of the old contract—into a midterm wage opener. This came on the heels of a furor over a time study of non-incentive workers at the East Pittsburgh plant, which had roused the wrath of the powerful Local 601.

On both counts, the Westinghouse demand for a long-term contract looked like bad timing, and the union made the most of it. Until the final few weeks, Westinghouse refused to permit arbitration of the time study issue, insisting that the studies were essential to revamping costly production methods.

Westinghouse also held out for many weeks against arbitration of grievances, a labor relations method that has been common elsewhere in industry. The company finally gave in when the federal mediators offered convincing arguments that arbitration would eliminate a lot of the bitterness that showed up in repeated work stoppages.

The company also moderated its position on the workers accused of violence on the picket lines. Originally, it had insisted on firing 96 employees; it cut the number to 36 and finally agreed on arbitration for those that

couldn't be judged to the satisfaction of both sides.

• **The Union**—IUE also helped to get negotiations off to a bad start. Led by the hotheaded Carey, the union negotiators created a hostile atmosphere of violent language and unveiled emotions that would have made bargaining difficult at best.

Then, too, there were too many cooks stirring the broth. Carey lacked tight control over his locals. Where he might have been willing to meet the company halfway on an issue, others on his team from such militant locals as 601 in the East Pittsburgh stronghold took the play away from him. The union wasn't bargaining as a single body.

However, in the final test of whether or not to accept the contract, Carey won out decisively.

• **Keeping It Stewing**—The militance of the IUE local leaders had one advantage for the union; it helped to keep the long strike effective. Because they were able to push their pet ideas as members of the negotiating committee, these leaders also pounded their points home to the rank-and-file. They hammered especially at the time-study issue as a threat to jobs and wages. Vague as the threat was, it was substantial enough to keep the local members in line.

The main strike issue, thus, never became how much the workers would get out of a new contract—it was how much they would lose if they didn't fight to the limit. This is the most effective issue in any strike, and was the reason the union could keep the strike going so long without major defections.

The big test of union strength came two weeks ago, when IUE rejected the government panel's original recommendations after Westinghouse had accepted. IUE acted on a Thursday, and the following Monday was the time when a back-to-work movement would develop, if ever. Over the weekend, Westinghouse made public appeals for a return to work, but the leaders kept their members in line, even by telephone calls to all workers in some plants.

When the union's lines held, the settlement was on its way.

• **Giving In**—Economic terms of the contract (page 168) were never really contested. Wage increments are just about what the company originally offered: 5¢ an hour minimum for each of the five years, with differentials of up to 12¢ an hour for skilled workers. Pensions and welfare funds were expanded.

IUE's objection to a five-year contract was eased by a provision for reopenings on the national and local levels. In another effort to arrange a cooperative working basis for the future, the government panel also wrote in a provision for reopening of the national contract on non-economic issues at any time, but without giving the union a right to strike over these points.

And IUE accepted the panel's assurances of the company's good faith in the time study plan.

III. Customer's Outlook

The buyer of Westinghouse industrial products can be sure the company will open up the most intensive production drive it can put on. Materials will be no problem—they've been bought as fast as orders came in during the strike, and they need only to be drawn out of leased warehouses.

If the history of the 1946 strike repeats itself, Westinghouse expects a 10- to 14-day period of confusion when customers will swamp the company with demands for information on strikebound orders. Westinghouse hopes to steer these customers to field offices, rather than to headquarters or plant offices. Shipping schedules have already been sent to field offices in some divisions; others will be sent as fast as they can be worked out at plants.

• **Encouragement**—Perhaps the most encouraging prospect for customers is this: Engineering and drafting work has been continued throughout the strike at almost all offices. So there should be few, if any, shop delays on this score. Before the strike, some engineering departments were lagging behind the shops. Now they're ahead.

In some plants, too, production capacity has been added since before the strike. That's true of transformers, meters, steam, air-conditioning, and some parts of the transportation and generator divisions. Besides, all shops will be operating at capacity; before the strike, not all were.

Of course, it will take longer to start up a heavy machinery plant than a light assembly plant, plus the fact that there were no back-to-work movements in the big industrial products plants—East Pittsburgh, Buffalo, South Philadelphia—as there were at several of the appliance plants.

• **Delivery Predictions**—Here are some delivery predictions for strategic industrial products divisions:

Steam—Delay in deliveries will come to the duration of the strike plus three weeks. Castings and forgings have been ordered as new orders were booked.

Generator—Duration plus one week. Some subcontracting has been carried on. The division wasn't at capacity before the strike.

Transformer—Duration plus two or three weeks.

Switchgear—Duration plus one week.

Motor and control—For large controls, 120 to 150 days to catch up after work resumes; for smaller controls, 60 to 90 days.



RUMOR started trouble for Coca-Cola locally, was halted in Montgomery, Ala., by public denial.



WORRY haunts any small business that deals with a mixed patronage in South.



BOYCOTT by Negroes of Montgomery buses—only this man who can't walk waits on "colored" side of bus stop—typifies what happens when racial tensions mount. It's the most dramatic weapon in strife that reacts on . . .

Business in a Troubled South

Not long ago, a company specializing in finding new plant sites was instructed by a big client to call off the search for a new location in the South. The reason: racial tension below the Mason-Dixon Line.

In relating this incident, Leonard Yaseen, president of Fantus Factory Locating Service, put his finger on a new fact in American business life—the economic implications in the social unrest now troubling the South.

Within the past few years, Yaseen's firm had located four major plants in the Deep South for this client. All four have made successful records—a high productivity rate and labor peace, even when some of the same company's Northern plants were embroiled in union difficulties.

Yaseen figures the decision to call off the search for a fifth location may be permanent, or it may be for five years—"It all depends on what happens down South."

One of the most important questions to be answered in the future "down South" is: How badly is industrial development to be slowed?

Some basic economic and operational problems are beginning to show up, and they spare no segment of the broad world of business.

I. As the Issues Spread

BUSINESS WEEK reporters in the South find that so far the troubles have been mainly local, in scattered areas. But the gathering social revolution that spawns the problems shows no sign of subsiding soon, and businessmen will almost surely find it harder to function in this atmosphere before things get easier.

• **Variations**—The Southern picture is not by any means uniform. Tensions emerge as most serious where the Negro population is heaviest, and they seem to be at highest pitch in Alabama, Mississippi, and parts of rural South Carolina.

Rumors sweep the streets of Alabama cities. An ancient one, now showing up again, and heard almost daily in one or another form, is that a recent Negro funeral procession was a subterfuge—"they were hauling guns instead of a body."

• **The Lines Form**—But even in less tense states, great black and white forces are arrayed against each other. Moder-

ates who want to stand on middle ground are having trouble; the middle ground is shrinking fast.

On the one hand, there is the National Assn. for the Advancement of Colored People (page 76) as the biggest organized Negro spokesman, busier than ever in pressing its demands for economic and social equality.

On the other side are white resistance groups whose names and temperaments vary. There are White Citizens Councils in many states; Pro-Southerners in Tennessee, as well as a Tennessee Society to Maintain Segregation; Defenders of State Sovereignty and Individual Liberties in Virginia; and Patriots of North Carolina, Inc.

The Klu Klux Klan is even making a minor comeback in some areas. Near Marysville, Tenn., whose school board is considering integration, Klansmen burned a cross one recent night. Newsmen, present by invitation, say doughnuts and soft drinks were served after the fire died down.

• **Issues**—The line between the white and black population is drawn sharpest on the question of integrating public schools, but it is not drawn solely there. In Memphis, for example, they have been skirmishing over segregation in city parks and on municipal golf links, and whether a Negro should be on the board of directors of a hospital. In Florida, the question of desegregating public beaches is a live one.

• **Northern Repercussions**—The Southerner's business stake, of course, is the greatest and it's the most immediately involved on the economic front, but the situation is of direct concern also to Northern firms who manufacture or sell in the South.

And it is not merely a question of whether to expand. One Northern industrialist is understood to have declined an invitation to present an award to a white recipient at a Northern city because the donor was a Negro group. The industrialist foresaw possible repercussions on his product in the South as a result of publicity that would have attended the presentation.

II. Business in the Middle

This week in Montgomery, Ala., the first of 93 Negroes under indictment went to trial on charges of leading a colored boycott of the city's bus line (picture, page 31). Next Wednesday, Negroes across the U.S., under the urging and direction of Negro Rep. Adam Clayton Powell, Jr. (D-N.Y.), will take part in mass assemblies to pray and raise money for the boycotters.

So far as is known, the greatest single loser to date in economic warfare between the races is Montgomery City Lines, a subsidiary of National City Lines, a Chicago firm. Montgomery City Lines has lost, since the boycott began in December, about 65% of its riders (virtually all of the Negroes). This put the line into the red immediately and even a nickel fare raise—to 15¢—has not produced a profit on the greatly reduced volume of business.

There are recurring reports, but nothing concrete, that this type of passive resistance may be tried elsewhere by Negroes.

• **War of Nerves**—The boycott is the most publicized and apparently the most frequently used economic weapon. And, because its actual direction and operation are behind the scenes, the boycott is difficult to find a defense against. It is not, however, the only manifestation of racial uneasiness that causes businessmen to ponder seriously where all this may lead.

In Richmond, Va., Negroes waged a three-week war of nerves on department stores whose white clerks, they felt, paid them not enough courteous attention. Negro women banded together to stage a "nuisance day" once a week. They bought little or nothing, but looked at, tried on, or disarranged every piece of merchandise within reach.

After the third such day, the stores capitulated. Word went out to the clerks and the Negro community that all patrons would be treated alike.

• **Small and Large**—Stories of economic harassment involve enterprises of all sizes—from corner groceries to city department stores to such industrial giants as Ford, Coca-Cola, Philip Morris, and Falstaff Brewing Corp. and, infrequently, they may involve whole communities, as happened in a Mississippi delta town. When merchants put White Citizen Council membership signs in their windows, the community's Negroes piled into cars and trucks and, as a caravan, took their business to a neighboring town.

In Orangeburg, S. C., Negroes petitioned the school board to begin integrating public schools. Negro merchants who signed the petition were cut off by their dairy, bakery, and soft drink suppliers.

• **Hard to Stop**—Once trouble begins—whether it is based on fact or on fancy—it is hard to stop. An incident involving Coca-Cola, a Southern institution like no other, illustrates the difficulty. The company detected an incipient Negro boycott in several communities, including already inflamed Montgomery, as a rumor spread that Coca-Cola gave $25,000 to a white supremacy group.

Coca-Cola's Montgomery manager put down the boycott by publicly announcing that (1) the story was false and (2) no such contributions to any such group would be made by the company. But "in a situation like that," one businessman points out, "you risk stirring up the opposition by pacifying one side. It's a case of damned if you do and damned if you don't."

• **Sparks**—White extremists have had Ford under attack apparently because of the publicity attending a $50,000 donation by the Fund for the Republic to the legal arm of the National Assn. for the Advancement of Colored People. This situation arose even though Ford Motor Co. has neither direct connection with the Fund, nor any control over the Fund's philanthropies—which come from grants given by the Ford Foundation with no strings attached.

Philip Morris encountered some difficulty with its cigarettes on the basis of reports that it had contributed to NAACP. Falstaff felt an acute loss in Mississippi beer sales because it paid for a $500 life membership in NAACP for one of its salesmen, a Negro, in St. Louis, Mo.

• **Costs**—It is difficult to tell what the dollar costs of such economic reprisals may be. However, Ford automobile sales for the period from December through early March followed the general trend of all auto movements in four deepest South states, and in two of them Ford sold more cars than a year ago.

There are management problems not tied directly to the financial ledgers. A number of Ford dealers in the South, for instance, have been writing earnest letters to the company expressing concern lest they lose social face as well as future business by representing a company with a reputation for friendliness to Negroes.

• **Careful Steering**—Though the southern Negro's purchasing power does not approach that of the white, national concerns are not willing to abandon the Negro market deliberately. Most of them are looking for a neutrality of public and civic relations.

Coca-Cola, in a goodwill gesture, had public relations people on hand for a recent meeting of a national Negro fraternal order in North Carolina. The company does similar work among similar white groups.

In Jacksonville, Fla., several branch representatives of Northern firms say they are under strict orders to do and say nothing about race relations for fear of kickbacks.

But in a Virginia City, the two biggest employers—branches of heavy Northern industry—are understood to be gently pressuring local public school officials to get on with integration. The Virginia case is probably an exception to the general rule across the South today, but it points up another problem. These companies don't want to move any more top or middle-level executives into the town until school stability is achieved.

Another consequence of the tensions

It's Spring, and time to negotiate with your garden

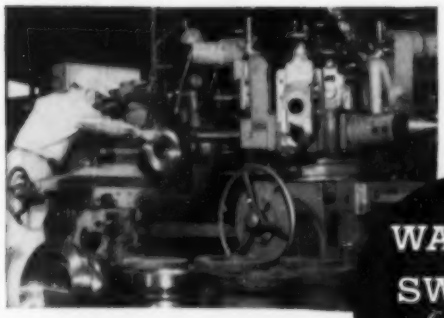
HOW many radishes, onions, tomatoes are you going to *demand* it pay you this year? More than last year? That seems to be the pattern. And, of course, *no more hours or work* on *your* part.

And if the garden doesn't come across as demanded, you'll strike.

But then . . . how do you eat, and when?

* * *

And if some of the ideas abroad in the land (of more and more pay for no more work) continue, there comes the time when pretty nearly *nobody* eats . . . Remember?



4-A Turret Lathe machining large steel forgings.

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Cleveland
PRECISION MACHINERY SINCE 1880

YOU CAN PRODUCE IT BETTER, FASTER, FOR LESS WITH WARNER & SWASEY MACHINE TOOLS, TEXTILE MACHINERY, CONSTRUCTION MACHINERY

is a tendency for many businessmen to beg off from active roles in civic and public affairs lest they get caught in crossfire between militant Negro and white groups. Two Memphis business-civic leaders, campaigning to become delegates to this year's Republican National Convention, found themselves under NAACP attack for alleged unfriendliness to Negroes.

• **Bond Market**—In finance, the impact of racial unrest has been spotty. In general, however, it has caused a softness in school bond issues. Ohio banks are forbidden to hold Georgia school bonds in their portfolios.

An Atlanta banker calls the market for new Southern issues very soft, due to uncertainties arising from threats to convert public schools to private institutions. Another Atlanta banker expresses no such pessimism, but he was concerned enough recently to tour Eastern finance centers for consultations.

Florida withdrew a $10.5-million school bond issue last fall when the best rate offered was 3.11%, whereas its last previous offering was taken at 2.69%. It is difficult, however, to figure how much the segregation fight figured in the decision because the money market was tight at that time. Birmingham sold a $2.57-million general improvement issue (for schools, among other things) in January at a 2.59% rate in Eastern markets.

III. Slowing Down Growth

The most important question mark is the effect on the strides the South has been taking away from an agricultural economy to an industrial economy. In recent years, new industry at the rate of $1-million a day has gone into Dixie, according to the Southern Educational Reporting Service of Nashville.

All signs point to a decline, at least temporarily. North Carolina, one of the states where the racial discord is least severe, is getting fewer inquiries about new locations. A. H. Grant, chief state development engineer, thinks a lot of factors are involved, such as increased competition among the states and completion of expansion plans by a lot of companies.

• **Past Experience**—Present shadows are deeper than ever, but they are not entirely new. For example, an electronic manufacturing concern which in 1949 located a new plant in a border state—where the Negro population was only 8.2% of the total—pulled out shortly afterward.

The firm had put down a sizable amount of money, taken over temporary quarters, and hired 250 people. But it was caught between local moves which demanded worker segregation and threats of unfair labor practice charges by Negroes.

But International Harvester Co. reports that its twine mill in New Orleans has had only one incident in 3½ years over integration of the work force. A white woman was dismissed for refusing to be trained by a more experienced Negro woman.

IV. Labor's Stake

Like management, organized labor has tremendous stakes in what develops from the Southern crisis. Race tension has stirred trouble within the unions' house.

Labor's leadership is divided. Some are talking revolt against the AFL-CIO, although these mutterings are not taken too seriously by national union spokesmen at the moment.

• **Protests**—Internal bickering boiled up to the surface after George Meany, the AFL-CIO president, loosed a blast at the South for resisting integration and denounced the White Citizen Council movement as un-hooded Klu Kluxism.

One Birmingham local of the old AFL fired off a special delivery letter of protest to Meany. Meany heard it was on the way and returned it—unopened.

A Birmingham labor man says announcement of a new organizing drive there is being held up, not out of concern about integration but out of pique at Meany.

An embittered carpenters' union official in Florida blames the dissension on Walter Reuther of the UAW-CIO. "What Meany said about integration was Reuther's words in "Meany's mouth," the official says.

• **Reviving Old Suspicions**—For the record, unions still claim organizing successes in the South. They say the integration dispute hasn't harmed them yet, but they know it will in the future—especially if Meany and Reuther keep criticizing the white South.

In the region, unions have always been regarded with suspicion, and organizers now see in jeopardy whatever gains have been made in long years of work to overcome that attitude. One union staff man says labor initials and the initials NAACP now seem to stir equally vigorous antipathy in his rural area.

• . . . **And Tensions**—At the national level, labor leaders fear the tension may undo much effort they have made toward integration of Southern unionists, about 25% of whom are Negroes. These leaders fear that, either way this goes, employers will get a potent weapon—racism—to use against labor inside or outside the South.

Before the tenseness developed, many unions—particularly the industrial ones in the old CIO—were moving steadily toward at least a technical elimination of segregation in Southern locals.

This was seldom by local choice. The internationals ordered it, and the locals gave it at least pro forma acceptance. From a practical standpoint, however, a form of segregation continued in most places. Negroes sat apart from whites in union halls. They used separate rest rooms and water coolers even though they were not labeled "white" and "colored"—as was, and still is, the practice in most of the Southern world.

Train Weighs In at $1,650 Per Seat

Latest lightweight is due for delivery to the New York Central. New Haven is getting one, too.

The third of four lightweight trains, Pullman-Standard Car Mfg. Co.'s Train X, put in its first public appearance last week. The low cost, low slung train is Pullman-Standard's solution to the vexing problem of mounting passenger operation deficits (BW—Feb.4'56,p30).

Late last year General Motors Corp. introduced its Aerotrain and early in 1956 ACF Industries unveiled its Jet Rocket. A fourth entry, Budd Co.'s Tubular Train, is still under wraps.

• **Comparisons**—One model of Train X is being built for the New York Central, another for the New Haven. Each costs roughly $1,650 per seat to build based on orders for 20 trains, according to C. W. Bryan, Jr., Pullman's president. That adds up to approximately $650,000 for the nine-car 392-seat train, not including the locomotive. The price compares with the $788,000 tag reported for the Jet Rocket including locomotive, and the rock bottom Aerotrain which would probably sell for $500,000 to 600,000 also including locomotive. Train X weighs approximately 700 lb. per seat, the Jet Rocket, 860 lb.—including lounge and diner which it, alone, has. The Aerotrain weighs 750 lb. per seat. Per-seat weight of a conventional train is about triple that of Train X.

While both the Jet Rocket and Aerotrain are pulled by GM locomotives, Train X will have a German-designed diesel built by Baldwin-Lima-Hamilton Corp., now seeking to regain its position in the locomotive building field.

New York Central plans to put its Train X into twice daily round trip service between Cincinnati and Cleveland after delivery late next month. The New Haven is getting a version of Train X, due later in the summer for its New York-Boston run.

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In Business

• • •

Burroughs Seeks to Buy ElectroData to Round Out Computer Line, Other Mergers

The wedding march continues to be a favorite corporate tune, with an assortment of mergers coming along.

Burroughs Corp. is rounding out its electronic computer line by picking up **ElectroData Corp.** of Pasadena, if stockholders agree. ElectroData's medium sized computer, the Datatron, will sandwich neatly between Burroughs' small E-101, and a large model now being developed. Last year, ElectroData had a gross income of $1,845,327 and a net operating loss of $469,379; Burroughs' gross sales were $218-million. Proposed price is one share of Burroughs stock for two of ElectroData.

McCulloch Motors Corp. of Los Angeles, major chain saw maker (BW–Sep.5'53,p158), has bought Scott-Atwater Mfg. Co., Minneapolis outboard motor producer.

Other corporate nuptial plans include purchase of the **Gibson Refrigerator Co.** by the **Hupp Corp.**, if stockholders go along, and a proposed merger of **Ohio Match Co.** and **Hunt Foods, Inc.** Stockholders of **Brown Shoe Co.** and **G. R. Kinney Co.** will vote Apr. 16 on a merger proposal that has been revised to meet court objections (BW–Jan.21'56,p36).

• • •

Border Incidents: Ottawa Taxes U. S. Magazines, Brewery Ban Vetoed

Business eyes peered a bit coldly across the U.S.-Canadian border this week.

In Ottawa, the Dominion announced as of 1957 a 20% tax on the advertising revenues of all U.S. magazines circulating there as special Canadian editions, regardless of where they are printed. Time and Readers Digest are prime targets.

Farther south, feelings were better as Gov. Theodore McKeldin of Maryland vetoed a bill barring breweries that were not at least 51% U.S.-owned (BW–Mar.3'56, p36). Target of the bill was Carling Brewing Co., 98% Canadian-owned.

• • •

Diamond Trade Flashes with Rage As AEC Resumes Gem Irradiation

Last week, the Atomic Energy Commission threw a home-made bomb into the diamond industry. It lifted a three-year suspension on AEC gem irradiations.

Some years ago, the jewelry business discovered that you can expose a relatively cheap yellow diamond to radiation and come out with a tinted and much more salable stone. The only catch is that the tint is not always permanent, and many a bride returned from the honeymoon to find that her sparkler was fading into an ordinary yellow rock.

The diamond industry, fearing a flood of "treated" diamonds would undermine the market for legitimate stones, appealed to the Federal Trade Commission.

Effective this month, FTC says it is an unfair trade practice to advertise or sell any diamond—"colored or tinted by coating, irradiating, or heating or by use of nuclear bombardment, or by any other means—without warning the purchaser."

AEC suspended irradiation of diamonds and other gems in its facilities in 1953, to study whether it should handle such requests just like all other requests for service irradiations—mostly for research projects. Last week, AEC announced that from now on such jobs would be on a first-come first-served basis, provided reactor space is available, and for a fee covering the costs. AEC says a normal handling fee of $20, plus $10 for the first day and $2 per day thereafter entitles you to a space ¾ in. by 2¼ in. in a reactor.

• • •

GM, Big Steel, Oil Companies Announced Plans for Expansion

Growth plans are busting out all over the U. S. industrial scene.

Near LaGrange, Ill., **Electro-Motive Div. of General Motors** will add 42% to the floor space of its 2.4-million-sq.-ft. No. 1 plant. When the new area reaches full capacity early next year, 2,000 jobs will have been created.

At Gary, Ind., **U. S. Steel Corp.** will add 700,000 tons to the capacity of what is already (at over 7-million tons) the world's largest single integrated steel plant. Big Steel will also add 500,000 tons at the South Works, Chicago, for a total close to 6-million tons.

Esso Standard Oil Co. is spending $40-million on its Baton Rouge refinery, while **Standard Oil Co. of Ohio** will build refinery facilities at Toledo that may cost up to $35-million. **Owens-Corning Fiberglas Corp.** has a 3-year, $50-million development plan.

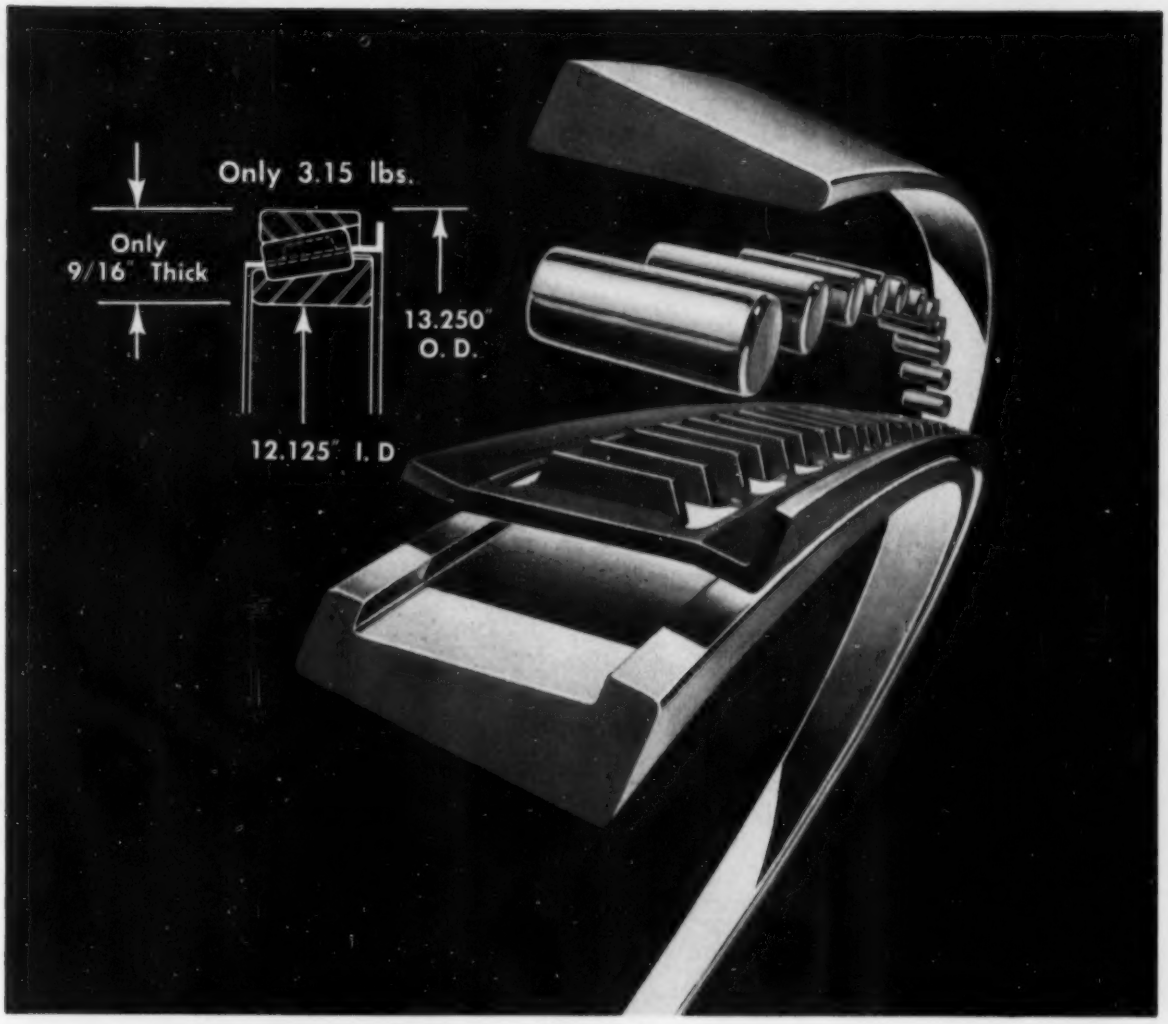
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Business Briefs

Economic indicators: The Federal Reserve Board reports seasonal gains in **industrial production** during February. Goods were turned out at 144% of the 1947-1949 average, a gain of nine percentage points above the year-before month . . . . **Commercial exports** from the U.S. in January were $1.2-billion, up $100-million in a year, says the Commerce Dept.

The price of metal cans was boosted 3% as of May 1 by American Can and Continental Can, the two top producers.

The turbine takes to the road. Next week Chrysler Corp. plans to start its experimental turbine-powered Plymouth on a transcontinental jaunt. The car will start from midtown New York and, Chrysler hopes, get to Los Angeles in four or five days.



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world's thinnest tapered roller bearings

Reali-Slim — that's the name we've given our line of extremely thin-section, lightweight bearings. The bearing shown above is a *Reali-Slim*. *Reali-Slim* bearings are really strong, too! The single row, tapered roller bearing we're talking about, here, has a 33,000-lb. radial capacity—with 38,200-lb. thrust capacity. Over 1-ft. in diameter, yet it weighs only 3.15 lbs! These figures tell how *Reali-Slim* bearings combine minimum section with high strength and long life.

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For more information write Kaydon of Muskegon. Ask for engineering Catalog No. 54-RS detailing:

★ ***Reali-Slim Ball Bearings*** — in Conrad, angular contact and 4-point contact types are available in seven standard cross sections from ¼" to 1.000" and in bore diameters from 4" to 40.000".

★ ***Reali-Slim Roller Bearings*** — in radial and taper roller types are available in cross sections from 9/16" and in bore diameters from 5" to 40.000".



THE KAYDON ENGINEERING CORP.

MUSKEGON • MICHIGAN

K-55R

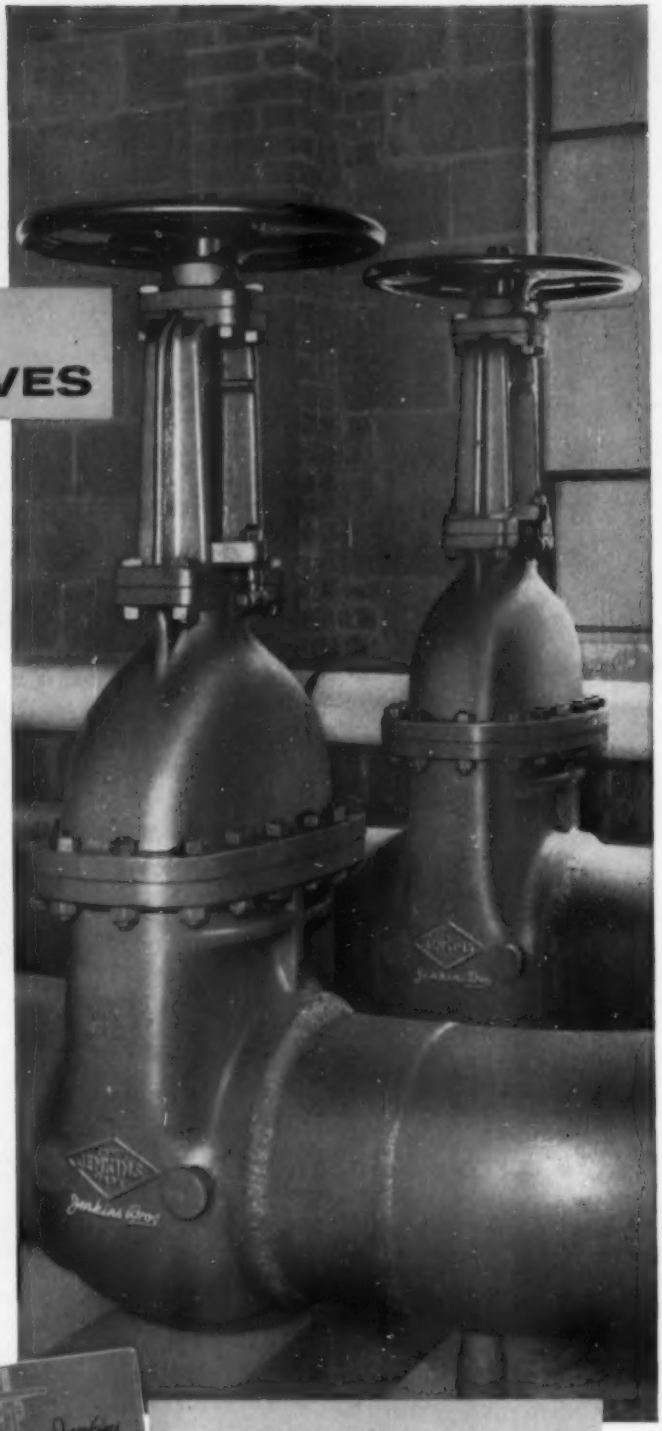
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It describes all patterns, casting alloys, and seating combinations, with details of the *extra value* design and construction features. Gives pressure-temperature ratings, dimensions, and other technical data. Get a copy from your Jenkins Valve Distributor, or write: Jenkins Brothers, 100 Park Ave., New York 17.



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WASHINGTON OUTLOOK

WASHINGTON
BUREAU
MAR. 24, 1956



The Democratic bosses—the king makers—are in a sweat.

What Kefauver did to Stevenson in Minnesota took them by surprise. Their plan had been to rematch Stevenson against Pres. Eisenhower next November. Now they are faced with some pretty conclusive evidence that the Stevenson appeal to the professional party organization doesn't extend to the voters. The question now is what to do.

The organization will stand by Stevenson, at least for the time being. It hopes for a comeback. If Stevenson can take Kefauver in key contests in Florida, May 29, and California, June 5, the leaders will be with him when the August convention at Chicago rolls around.

But there's a noticeable lack of enthusiasm for Stevenson as a result of his Minnesota snow-under. You see this in the questions about whom to turn to in the event Stevenson can't get his stock up during the spring.

—•—

Kefauver's strength is with the public—the run-of-the-mill Democratic voter. He showed this in 1952. And he is repeating this year, first as top man in New Hampshire (expected), then in Minnesota (a complete surprise).

But he is weak within the party organization—the opposition to him stems largely from his investigation of racketeering during the last days of the Truman Administration. The hearings embarrassed the big city bosses on the Democratic side, and also some of their labor allies. And the city bosses are the party's king makers.

Kefauver's best chance is that party leaders, figuring no Democrat can win against Eisenhower, will throw him the nomination to get rid of him.

—•—

The stock of other party hopefuls will rise if Kefauver is successful in taking Stevenson in future contests. **Gov. Harriman of New York** will figure more prominently in the news. He's in the New Deal mold, which city bosses and labor leaders like.

Sen. Humphrey of Minnesota will gain backers. He's eager, and gossip has it that, on Truman's advice, he didn't go all-out for Stevenson.

Gov. Meyner of New Jersey figures in today's talk. But he's a young man and some of his strongest backers want to save him until 1960.

Sen. Symington of Missouri could be a winning dark horse in a knock-down fight. He's now building a name with his Air Force inquiry.

—•—

The Minnesota primary leaves the GOP with a farm vote worry. New Dealer Kefauver was for paying 100% of parity prices to farmers. Stevenson had been more cautious, and he lost heavily in the rural districts. Republicans wonder if Eisenhower's stand against high rigid farm price props will turn out to be a real drag on the ticket in the Midwest.

—•—

Keep an eye on Sen. Thurmond, South Carolina Democrat.

Thurmond will quit the Senate this spring. When he won his seat in 1954 on a write-in vote (he wasn't on the ticket, but was a protest candidate against the South Carolina Democratic organization), he promised he would step down and run in the next Senate primary. It was Thurmond who headed the Southern third-party movement in 1948 against Truman. He may lead a similar move this year if the Southern states are unable to win a compromise at the Chicago convention on the integration issue.

WASHINGTON BUREAU
MAR. 24, 1956

Congress will move faster after the Easter recess. It has been slow getting going this year, due both to the split within Democratic ranks and to uncertainty among Republicans over whether Eisenhower would run.

The final farm bill will be written in conference. Eisenhower won out in the Senate fight against a return to 90% rigid props. The fight now will be to weed out other sections that might bring on a veto (page 161).

A start will be made on a long-range highway program. The financing—from user taxes—will build up revenues in the first year. But it won't cover full costs once the program gets going. The budget cost, however, will be relatively small. Eisenhower is expected to O.K. the bill.

School aid seems dead for the year. The White House hasn't given up on its construction bill. But the integration issue looms as a real block.

The Defense Production Act will be extended, probably for two more years. It will keep alive Washington's power to channel materials into defense. Also, it will continue the authority for five-year defense writeoffs.

Defense contract renegotiation will be continued for at least a year. The investigation of plane maker profits just about guarantees this.

A postal rate increase has a chance, but it's still far from a certainty. Post Office Dept.'s argument for upping the letter rate from 3¢ to 4¢ now is taking this line: The average person writes few letters. So, there's little reason to worry about individual voter reaction. The big users of the mails are businesses, and right now most businesses are making money.

—•—

No major labor legislation is in sight.

The Taft-Hartley law will stay as is.

Wage-hour law coverage expansion is unlikely. The Administration would like to see more workers put under the law. But Congress is unwilling.

Labor may win on extension of the Bacon-Davis Act to the highway bill. This law requires payment of prevailing wages on government contracts.

Niagara power development by New York State has a chance. The Senate probably will go along. The House won't insist on private development.

Other major power projects probably will be shelved.

TVA will be allowed to build more steam capacity, with financing covered either by sale of bonds or by use of power revenues.

Bills in the antitrust field:

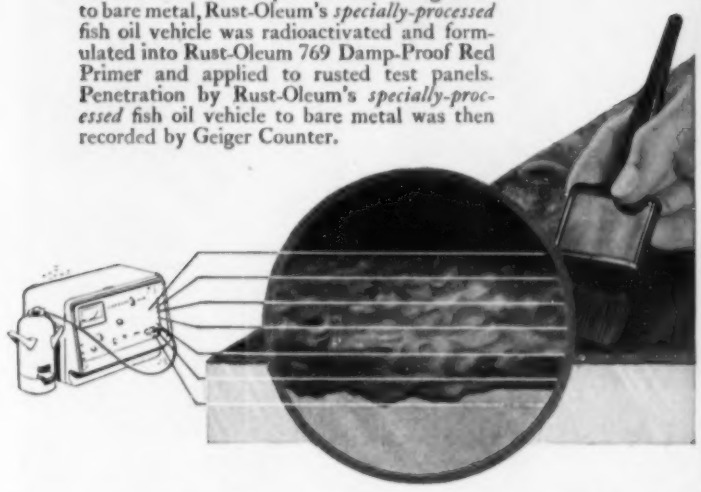
Pre-merger notification has a pretty good chance. Under this measure, companies planning to merge would have to notify the Justice Dept. and Federal Trade Commission.

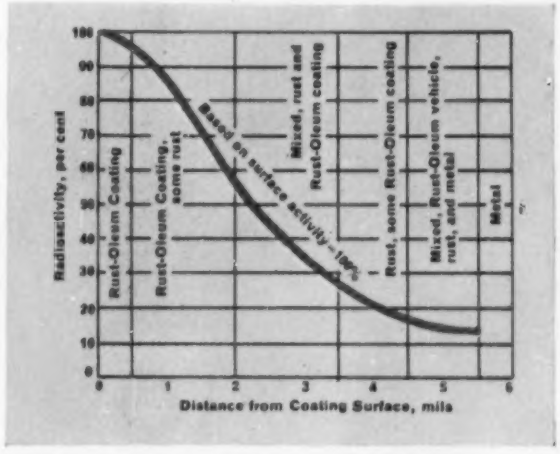
On triple damages, the bill giving discretionary authority to the courts is stalled. That means the mandatory damage law will stand.

Outlawing of phantom freight charges on autos won't be voted this year, despite the pressure from automobile dealers.

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To trace Rust-Oleum penetration through rust to bare metal, Rust-Oleum's *specially-processed* fish oil vehicle was radioactivated and formulated into Rust-Oleum 769 Damp-Proof Red Primer and applied to rusted test panels. Penetration by Rust-Oleum's *specially-processed* fish oil vehicle to bare metal was then recorded by Geiger Counter.





It's easy to actually see Rust-Oleum penetration through rust to bare metal by following the curved line on the graph above. The curved line illustrates Rust-Oleum *penetration* at each mil level down to bare metal as recorded by Geiger Counter and Gas Flow Proportional Counter.



Proved by industry for over 30 years on tanks, girders, roofs, boilers, stacks, wire fences, metal sash, machinery, metal buildings, etc. Excellent, too, for gutters, tools, trucks, under autos, screens, metal furniture, pipes, playground equipment around the home. Rust-Oleum is the modern way to Stop Rust and beautify as you protect. Write for color charts and literature.

See our Catalog in Sweets, or write for complete information. Prompt delivery from Industrial Distributor stocks.

Here's what

RUST-OLEUM®

penetration means to you!

The results of nearly three years radioactive research prove that Rust-Oleum's *specially-processed* fish oil vehicle penetrates through rust to bare metal.

This penetration enables you to stop rust, because the Rust-Oleum fish oil vehicle soaks through the rust to bare metal and into the tiny pits where it drives out air and moisture that cause rust. Because of this penetration, you can apply Rust-Oleum 769 Damp-Proof Red Primer directly over sound rusted surfaces—usually eliminating costly surface preparations. Rust-Oleum resists salt water, sun, fumes, heat, humidity, and weathering. Attach coupon to your letterhead for your thirty-page report entitled, "The Development of a Method To Determine The Degree of Penetration of a Rust-Oleum Fish-Oil-Based Coating Into Rust On Steel Specimens," as prepared by Battelle Memorial Institute technologists.

STOP RUST!

with

RUST-OLEUM®



There is only one Rust-Oleum. It is distinctive as your own fingerprint.

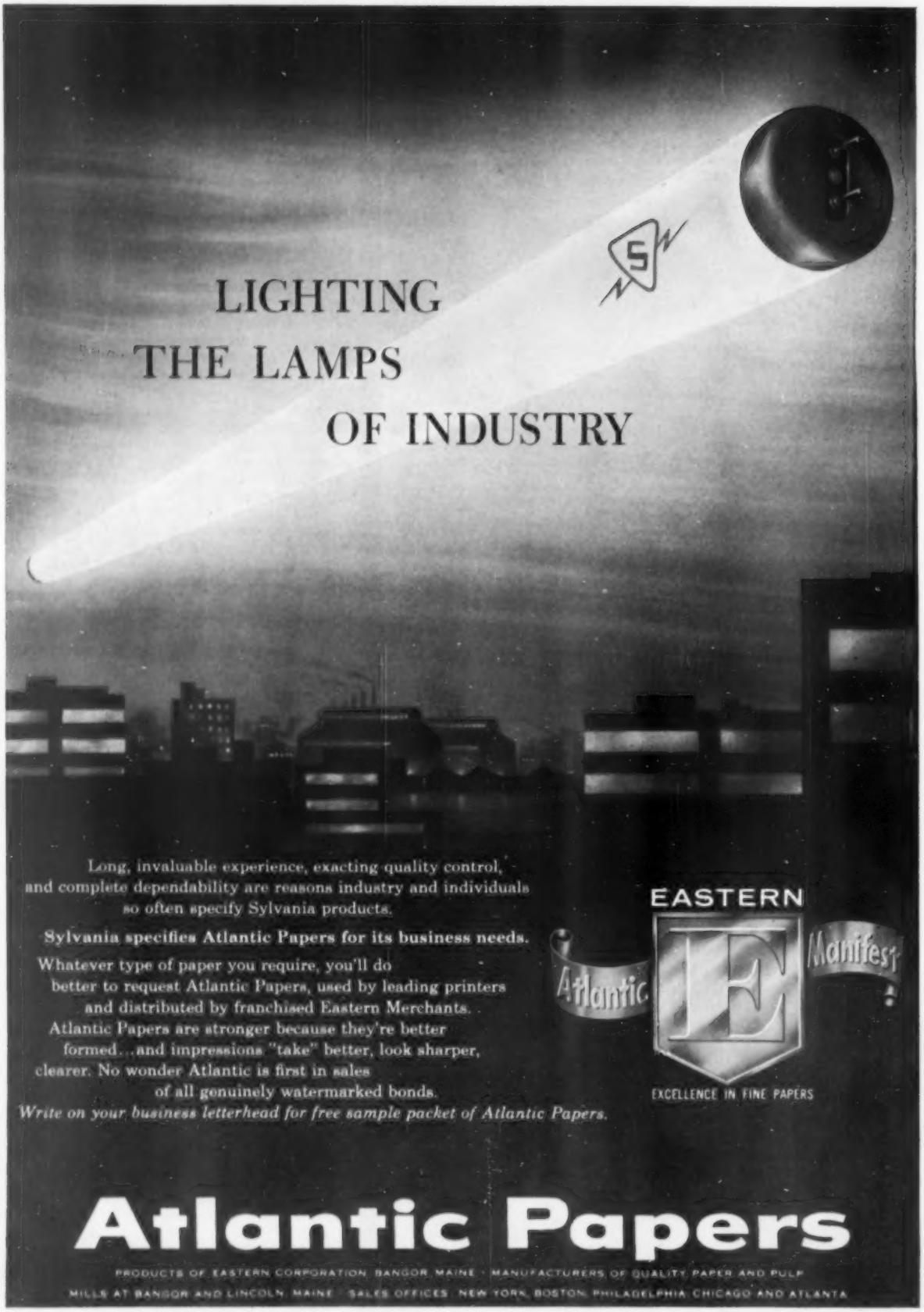
Rust-Oleum is *exclusive*, using a specially processed fish oil vehicle that penetrates rust to bare metal. Accept no substitute. Buy or specify Rust-Oleum. You'll be happy that you did.

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- ☐ Thirty-page report on Rust-Oleum penetration.
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GE INTERNAL SALESMEN have to sell other departments on using products of their particular department. The company promotes . . .

Competition Within the Family

If you have just bought a new General Electric radio, there's an off-chance that some component part, a tube perhaps, was not made by GE—even though GE is in the business of making tubes. That's because the Radio Receiver Dept. purchasing agent calls in salesmen from outside companies as well as one from the GE Tube Dept. when he has to order some component part for radios. And the GE Tube Dept. gets the order only if its product measures up on the basis of price, quality, delivery schedule, and all other factors that enter into such a deal.

• **Company Policy**—This same competitive situation prevails among all of GE's 96 independently operating departments. It's part of the company's policy of selling to itself. Under this internal sales program, all GE departments treat each other as independent companies when it comes to buying and selling from one another. The prices they charge each other are the full market prices—including the regular profit—and the sale is chalked up like any to an outside buyer.

Other companies use some form of internal selling. The auto companies—General Motors, for example—sell parts internally at the same price they sell to outside customers. RCA also has one department selling to another.

• **The Reasons**—But internal selling at General Electric is especially significant because of the advanced degree of decentralization under which the company operates and the diversification of its products. These are the two factors that gave rise to the program.

GE's broad diversification of products means that one department not only uses components that another GE department makes, such as a motor for a refrigerator, but it also may be in the market for one of the company's finished products, say air conditioners for outfitting its buildings.

• **Independent Units**—Naturally, GE likes to see its own products used in departmental operations as much as possible. But under GE's system of decentralization, all departments operate more or less as independent units. This means each is charged with its own research, manufacturing, and selling, and—most important—is held responsible for its own profits picture at the end of the year.

Because of this independent status, it's only logical that the individual departments should have the right to make the best deals possible for themselves when it comes to buying the materials and components they need for making their products—even though this might lead them outside the company fold.

This set-up forces all GE departments to view one another as customers and to sell each other with the same aggressive, competitive spirit as they do to outside companies. And it gives them a chance to show nice fat profits at the end of the year.

• **How System Works**—A close look at the operations of one of the most recent GE departments to enter the internal sales field in a big way will give you an idea how the system works. The department—Semi-Conductor Products—is located in Syracuse and makes such devices as transistors and rectifiers. These products are used by between 50% and 60% of GE's other departments.

George R. Curtiss is the intra-company sales manager of Semi-Conductor Products. Organizationally, his job falls under the sales department, along with the "external" salesmen who sell to outside companies. Curtiss' job was created about 18 months ago when in-company sales became large enough to justify a special salesman. The department created the post on its own initiative, not on directive from above. The department itself has a table of organization much like that of a good-sized company, headed by a general manager with wide powers of decision.

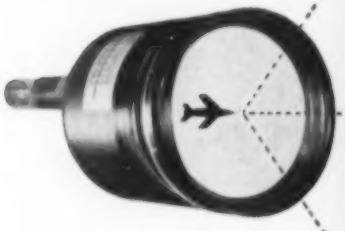
• **Same Selling Problems**—Curtiss' job is selling the electrical and electronic devices made by his department—just like the department's other salesmen who sell outside. There's only one difference: His "territory" consists of

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Here's the storage tube bright enough for direct viewing in a sun-lit cockpit . . . by several persons in a normally lighted room or a projection display of four feet! With one control knob, operator can set display for any persistence desired . . . from a few thousandths of a second to several minutes. All information can be erased instantly by merely pressing a button!

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". . . because the other departments can shop around, Curtiss finds them tough nuts to crack . . ."

GE starts on p. 43

all the other GE departments that use his products. When he makes a sale, he earns the same commission the external salesmen get, and he faces all the problems they face.

Working out of Syracuse, he sells to all GE departments over the entire United States—and without any assistance from district sales managers. His competition consists of outside companies making transistors and other GE departments that make different, but competitive, items, such as tubes that can be used in place of transistors. To meet this competition, Curtiss must cultivate contacts within the company and sell his products just as any other salesman.

• **No Favoritism**—Because the engineers in other departments know they are free to shop around outside GE, Curtiss often finds them tough nuts to crack. "They're out to keep their own business up," he says. This means he really has to sell them on the merits of what he has to offer.

Again, like the other salesmen, Curtiss faces the job of educating his customers about the uses of his department's products—a particularly important function in the semi-conductor field where research is constantly adding products and applications.

• **Developing GE Customers**—After considerable study, last May Curtiss hit upon the idea of holding a couple of one-day seminars for about 300 GE engineers from around the country. The purpose was to acquaint non-electronics personnel with his department's products, and demonstrate some of the uses to which they may be put. In this way, Curtiss hoped to develop potential customers within GE. Naturally, the emphasis was placed on semi-conductor applications to other GE products.

Some idea of the range of the potential customers within GE is revealed by the fact that Curtiss' seminars were attended by engineers who work in such diverse fields as aircraft accessories, nuclear propulsion, clocks and timers, motors and generators, guided missiles, locomotive and car equipment, ranges, water heaters, and air conditioning.

• **Psychological Edge**—Curtiss does have some advantages over both non-GE salesmen and GE men selling to outside companies. The greatest, of course, lies in the psychological advantage of dealing with his fellow GE employees. Even though other departments must make the best deal possible



Encasing a mattress in a 47" x 87" polyethylene bag supplied by **Ames, Harris Neville Company,** Glendale, Calif.

"The polyethylene bag acts as a

Portable show-window"



Packaging a rug in a polyethylene "Flip-Close" bag made by **Bemis Bro. Bag Co.**

Light in weight, attractive, durable enough to withstand the strain of constant handling that goes along with house-to-house selling...our customers are mightily pleased," states George A. Brown, manager of the Los Angeles Center of the California Industries for the Blind. Naturally, he is speaking about film made of BAKELITE Brand Polyethylene.

The center makes rugs, ironing board covers, dish cloths, towels and many other items sold to institutions, retailers, and house-to-house agents. "Obviously," continues Mr. Brown, "the ease of handling polyethylene in the factory is important. And for all concerned, they store well, since they stay supple instead of growing brittle."

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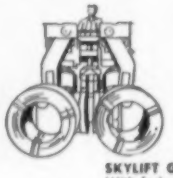
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WORLD'S LARGEST EXCLUSIVE BUILDER OF ELECTRIC-DRIVEN INDUSTRIAL TRUCKS

". . . in-company selling brings about an intense kind of competition within the company . . ."

GE starts on p. 43

for themselves, they naturally prefer to buy from GE. Though it is impossible to determine the facts exactly because no over-all records of purchases are kept, it is probable the sales go to outside companies chiefly because of difficulties over delivery schedules. And occasionally, of course, the GE product is not quite right for the particular need involved.

Another advantage Curtiss has is that in buying from him, GE departments get a 2% discount for what is considered a cash payment.

• **Disadvantage**—But in another way, perhaps, he has a tougher job than his fellow salesmen selling outside GE. There is greater diversity of production within GE than in any of the particular sales regions serviced by external salesmen. So Curtiss has a bigger potential market to cover. The market takes in more than half of all GE departments that utilize semi-conductor products either as component parts for consumer items or for experimental purposes. Curtiss has the double job of attempting to find new uses for his products in these departments and discover applications for departments not yet using them.

• **Ticklish Situation**—Since Curtiss and his fellow GE salesmen selling to outside companies face pretty much the same problems in cultivating customers and making sales, they get together in normal salesmen fashion for weekly meetings to exchange ideas on how to improve their position. But this introduces a ticklish situation that doesn't ordinarily exist among salesmen for the same company. They have to be extremely close-mouthed about their customers. If Curtiss were to let drop news of some new product developments he had picked up in his travels around GE, an external salesman who was selling to a GE competitor might feel that loyalty to his customer demanded that he pass on the information.

Likewise, Curtiss would give the competition's secrets to GE people manufacturing the same products, if he could get them.

GE isn't giving out any exact figures on how big a part of total sales internal selling accounts for. It says that a salesman for the Semi-Conductor Dept. working externally should collar about a fourth of the total business in his sales region. Working within GE, Curtiss is doing "considerably better" than

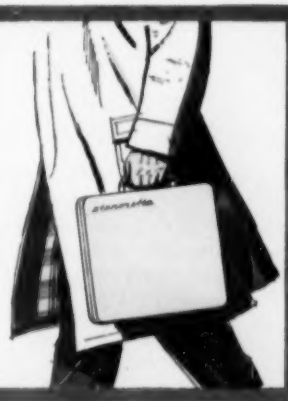
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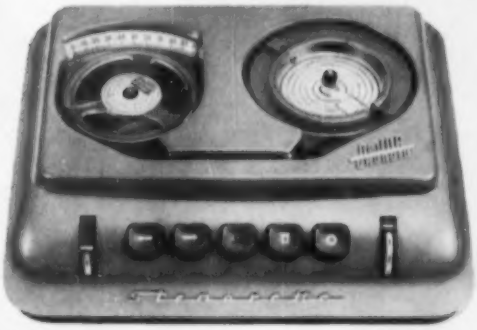
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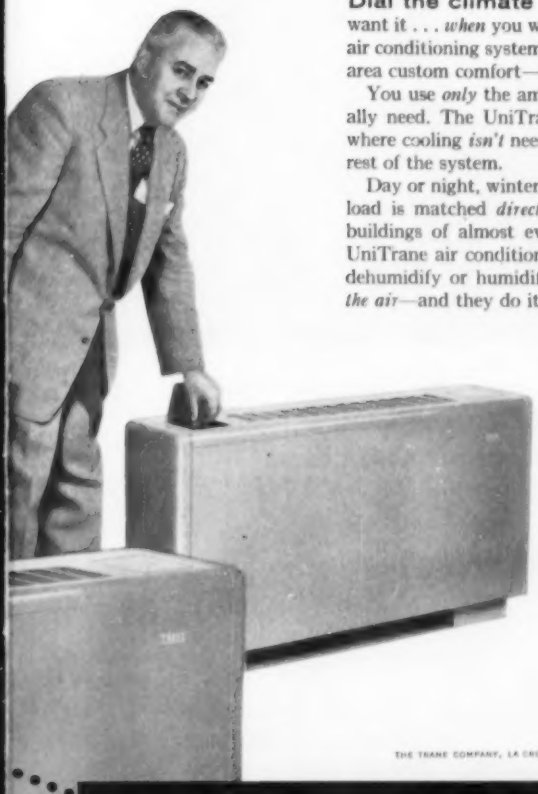
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A finger-tip touch brings you the climate you want! And with TRANE air conditioning equipment in unit systems, you have your choice of fan-coil or induction units. Either way, you'll have trim, slim units that add beauty to your building. Choose free-standing models, like those shown above, or recessed, for wall or ceiling installation.

with built-in cost control air conditioning!

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Dial the climate you want—*where* you want it . . . *when* you want it! And this UniTrane air conditioning system takes over . . . gives each area custom comfort—with built-in cost control!

You use *only* the amount of cooling you actually need. The UniTrane units can be shut off where cooling *isn't* needed without upsetting the rest of the system.

Day or night, winter or summer, the operating load is matched *directly* to varying needs. For buildings of almost every size and type, these UniTrane air conditioning systems cool or heat, dehumidify or humidify, ventilate and filter *all the air*—and they do it on a budget!

There are UniTrane units (induction or fan-coil type) for *any* building, *any* system, *any* budget. Whether you are remodeling your present building—or planning a new one—your architect or engineer will find a versatile, money-saving air conditioning plan in the complete line of UniTrane air conditioners and related TRANE equipment.

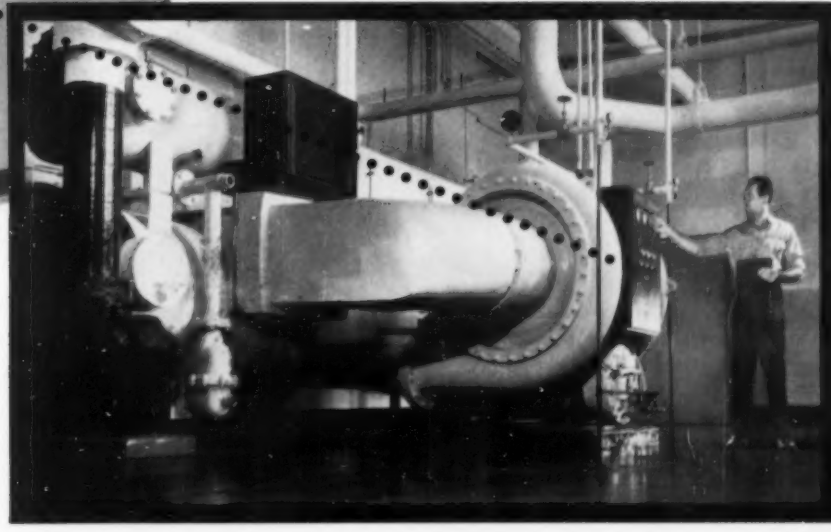
So for air conditioning comfort that not only *cools*, but provides clean, pure, filtered air—with *personalized control* that holds costs down—make it UniTrane! Have your architect or engineer discuss your air conditioning requirements with the nearest TRANE Sales Office, or write TRANE, La Crosse, Wisconsin.

For heating, cooling, ventilating . . .
For any air condition, turn to

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This TRANE CenTraVac supplies the chilled water for your air conditioning system—*automatically*. When you touch the "Climate Control" of the UniTrane, this CenTraVac paces itself to supply just the amount of air conditioning you need. Hermetically sealed, it starts, stops, runs—*unattended*. Compact, quiet and vibration-free, it simplifies installation problems . . . you can install the CenTraVac virtually *anywhere* from roof to basement, in any building.

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Says **D.J. O'CONOR, JR.,** *President,*
The Formica Company

"We selected hospital-expense protection on the basis of what it would do for our people. That's why we chose our local Blue Cross Plan. Time and again it has helped bring needed care to our employees' families. Blue Cross certainly performs a great service . . . at remarkably low cost and with a minimum of detail for our company."

Blue Cross Plans, serving locally coast to coast, bring Americans this famed program for prepayment of hospital care...the only one officially approved by the American Hospital Association.

MORE THAN 50 million people now belong to Blue Cross Plans. Most of them joined through the companies where they work. This clearly indicates that Blue Cross provides what both management and employees want.

Official approval by the American Hospital Association is extended to Blue Cross Plans exclusively. Their special "partnership" with local hospitals brings many unique advantages to Blue Cross Plan members.

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Low in cost. Organized not-for-profit, Blue Cross Plans are so efficiently operated that every cent paid in, except for low administrative expenses, is set aside for payment of hospital bills. Costs and benefits are locally adjusted to conditions and needs in each area to give fullest value.

Blue Cross is flexible. Both large and small companies find Blue Cross applicable to their special requirements. And, through simple arrangements, the employee may keep his Blue Cross protection should he change jobs or retire.

Get complete facts on the way Blue Cross can serve your company. Contact your local Blue Cross Plan. Or write *Blue Cross Commission, Dept. 606, Chicago 11, Illinois.*

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this. (The over-all department annual business is about $10-million.)

The idea of internal sales is not new at GE. It has been practiced in some form since early days of the company and especially since product diversification became an important characteristic of the corporation. But it was given powerful stimulus beginning in 1951 after Ralph J. Cordiner became GE president. Cordiner undertook a major reorganization of the company, swinging it in the direction of the present far-ranging decentralization.

• **What the Company Gains**—In addition to being a logical consequence of granting practical autonomy to the departments, the internal sales policy also has many advantages for GE. The most significant, perhaps, is the most difficult to pin down: In-company selling brings about an intense kind of competition within the company by establishing a free buying-selling relationship among the departments, making them one another's customers rather than just automatic suppliers and users. All of the stimulation that competition inspires in research, manufacturing, and aggressive selling is augmented by forcing the departments to sell to one another as well as on the outside.

• **Spur to Research**—And not only does a department compete with outside companies for GE business, but it also competes with other departments making a competitive but different product. In selling to the radio department, the tube people compete with both outside tube makers—and with GE's department making transistors. Here the choice is between the merits of two different electronic devices. This situation is a spur to intensive research to improve these products. When the radio department chooses transistors, the tube people get busy to try to turn out a tube that will do the job better and cheaper. This kind of in-company competition results in better tubes and transistors, to the over-all advantage of GE.

• **Valuable Indicator**—The internal sales system also provides an indicator to show how GE's various departments stack up competitively within GE. Each department must compete fully in terms of price and quality. If it loses a sale to an outside competitor, the department gets busy and finds out why, and what it can do to bring its product into line.

And, of course, the internal sales picture is useful to GE management. Since each department marks up its intra-company sales at a profit, the standing of each department at the end of the year shows GE officials just what each department has contributed to the over-all corporate earnings.



Bakeshops Sell by Sidewalk Coin Slots

Sidewalk selling by vending machine, common in Europe, is getting more frequent in the U.S. Hanscom Bros., Inc., a 25-shop pastry and candy chain in Philadelphia, has opened a 24-hour service for "the harassed hostess, the late snacker, the late shopper, and the early riser" at one of its stores (above). The purchaser has a choice of four items. He dials the item by number, sticks in the coins indicated—and gets the package from a slot. If this experimental window proves successful, Hanscom will probably try others.



D. J. O'CONOR, JR., *President, The Formica Company, also says—*

"Nearly all our employees also have BLUE SHIELD for its generous help in surgical-medical care!"

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Low in cost. Blue Shield Plans work on a nonprofit basis.

Easily adapted to welfare programs in large or small companies.

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SPECIAL PAPERS FOR INDUSTRY

In Marketing

• • •

Harried Carpet Makers Whittle Down Excess Capacity; Sales Reach a Peak

The long-suffering carpet industry appears to be making real headway—on several counts. James D. Wise, president of Bigelow-Sanford Carpet Co., summed up several important developments in a talk before the New York Society of Security Analysts:

Excess woven capacity—which particularly in broadloom has plagued carpet makers—is down sharply. In the early 1950s, said Wise, total excess woven broadloom capacity was about 40% above sales. Since then, the industry has lopped about 35% off the number of looms operating or ready for operation. By this year, the margin of capacity over sales has narrowed to 16%.

Last year's sales of carpet (not including scatter rugs and mats) reached a new high of 107.7-million yd., compared with 72.9-million yd. in 1952. Tufted carpet gets a lot of the credit; it climbed from 14% of sales in 1952 to 42% last year.

Bigelow-Sanford has just announced a further step which it feels will get production and sales on a more sensible basis. **From now on, it will introduce new lines only once a year instead of twice.** Such companies as James Lees & Sons Co., C. H. Masland & Sons, A.&M. Karagheusian, Inc., are going along. Now even some furniture people are talking enthusiastically of one line a year.

People in the carpet world have talked about this for some time. G. C. Denebrink, a Masland vice-president, urged it at the January market. The car makers are their star example of what one model change a year can do.

Bigelow-Sanford's move seems to fly in the face of the trend of a lot of manufacturers to build up obsolescence in style to create sales. But, says a Bigelow-Sanford official, you can carry obsolescence too far. In the carpet business, two style lines a year are silly, and an artificial device. The customer seldom notices the changes, and the manufacturer and retailer notice them far too much for comfort.

Between last summer's market and this January's, says the Bigelow man, 28 carpet makers brought out a total of some 2,000 new styles and types of carpet. To the manufacturer, this meant a "fantastic" cost. To both manufacturer and retailer, the changeover meant inventory headaches, sometimes price-cutting. Since lines shown in January sometimes get to the dealer only in April, the dealer has too little time to establish one style before another comes along. "Nobody," says Bigelow-Sanford, "can obsolete a carpet in six months."

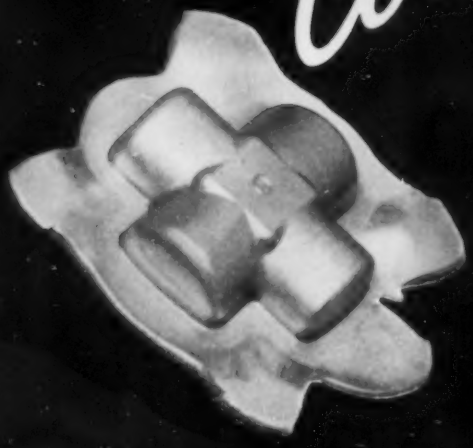
• • •

More Than Half of Movie Houses Reported Doing Poorly; Some Blame Tax, Some Quality

Individual motion picture theaters and chains may be doing fine, but over-all, the gloom still prevails. The Council of Motion Picture Organizations has just come out with its estimate of the extent of the gloom.

Of the 19,200 active theaters in the U.S., COMPO reports, 27% are operating at a loss. Roughly 30% are just doing better

you SAVE with WEATHERHEAD Cored FORGINGS





This unretouched photo shows the flash on a conventional forging which necessitates close trimming and buffing to eliminate possible fatigue points where flash joins the forging body.

plus these advantages

- Die-casting accuracy—better finishes
- Long, deep cores—4 ways if desired
- Higher strength—dense, uniform grain structure
- No porosity—no flaws
- Less tooling—increased tool life
- Less machining time—reduced scrap

This unretouched photo shows a Weatherhead Cored Forging of the same part. Little or no flash provides superior grain structure throughout, and reduces the machining time to a bare minimum.

Amazing new production method increases life of a part as much as 200% over conventional methods!

A quick glance at the above photos shows the *material* difference between conventional forging and the Weatherhead Cored Forging. But that's only the beginning. Overall savings provide further proof that here, at last, is a method of producing *quality*, high strength forged parts never before attained.

Developed for and used extensively by the Air Force, Weatherhead cored forgings have withstood brutal high pressure impulse tests beyond expectations. Because of superior grain structure, cored forgings have reached an amazing 225,000 impulse cycles at 3000 psi! Want more facts? Just mail coupon.

Send for the facts



THE WEATHERHEAD CO.
Aviation Division
Antwerp, Ohio

113

Send me the facts on Cored Forgings

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POSITION _____

FIRM _____

STREET _____

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ANTWERP, OHIO • GLENDALE, CALIF.
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(The Weatherhead Co. of Canada, Ltd.)

ATLANTA OFFERS IDEAL PLANT SITES



HERE, at the distribution hub of the Southeast, is one of the nation's finest industrial neighborhoods. Lying just outside the city limits, it is within 10 miles of downtown Atlanta and only four miles from one of the city's best residential sections. Taxes are low. Intelligent, dependable labor is plentiful. Power, gas, water and sewerage facilities are unlimited; and the double-track main line of the Southern Railway is right at hand. There's even a modern airport only two miles away.

Let us send you complete particulars about the splendid plant sites still available in this industrial Eden of the prospering Southeast. All inquiries held in strictest confidence, of course.

DISTINGUISHED NAMES ALONG THE BOULEVARD

Here are the great national concerns who have built plants on Peachtree Industrial Boulevard

ALLIED VAN LINES
ALLIS-CHALMERS
AUTO VENTSHADE
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J. I. CASE
JOHN DEERE
EASTMAN KODAK
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INDUSTRIAL DEVELOPMENT DIVISION

GEORGIA POWER COMPANY

Box 1719-A, Atlanta 1, Georgia • Telephone: WAlnut-6121

than breaking even. This means, according to Motion Picture Newsletter, that over half the theaters are hardly worth keeping open as far as their owners are concerned.

COMPO lays a lot of the blame at the door of the 10% federal admissions tax. However, it argues that if the tax were lifted theaters would still have to charge the customer an amount equal to the present price plus tax to show a profit (BW—Apr. 3'54,p25).

Trade observers say that the federal tax isn't the only culprit. The federal tax was halved for some theaters recently, and lifted entirely for those whose tickets came below a certain minimum. Immediately, some cities—New York is an example—jumped in with a levy of their own.

Some in the trade say that the tax—either local or federal—isn't the crux of the trouble at all. Attendance generally is down. Back in the golden days of the late 1940s, U.S. cinema goers were tripping to the theaters at the rate of about 90-million a week; now they are just touching 50-million.

Given a good picture, though, the multitudes swarm to it. So, some experts say, maybe the answer lies not so much in tax relief as in fewer or better pictures—or both.

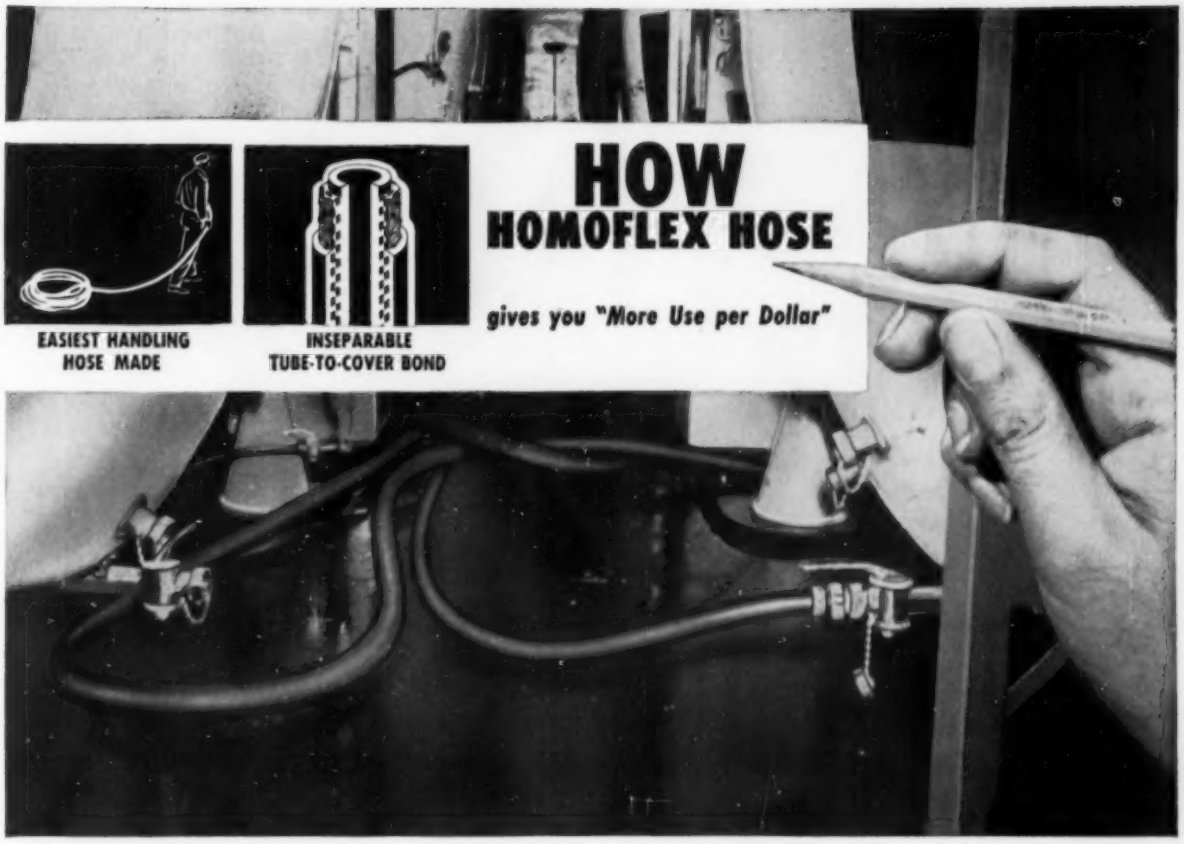
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Shopping Center Prospers, Maps Growth

Two retailing developments this week reflect the current trend to suburban shopping. It was announced that Northland, J. L. Hudson Co.'s fabulous shopping center in the suburbs of Detroit, marked up $88-million in sales during its first complete fiscal year and its officials are formulating plans for expansion. **At the same time, more and more retailers in downtown Detroit are pleading for tax relief because of declining sales.**

Northland's total sales include the 89 merchant tenants of the center during the 1955 fiscal year. Hudson's, which originally invested $30-million in the center, was responsible for about $50-million of this amount.

Horace Carpenter, Jr., the center's general manager, unfolded plans to add another $30-million or so in investments to Northland to develop the area around the shopping center proper. Within a few weeks, 100 lots



Many Users Say This Hose Outlasts Them All!

Bulk and stiffness have been engineered out of this modern hose. An exclusive R/M construction, Homoflex Hose has no pre-set twist . . . it coils and uncoils freely in any direction, eliminating strain at kinking points that can cause internal damage and eventual hose failure. Special engineering creates a homogeneous, inseparable tube-to-cover bond that greatly increases hose life . . . and reduces hose costs! Rugged and strong, flexible as a rope, and light, Homoflex Hose does a *better* job in handling air, water, and other fluids and gases . . . and it lasts longer.

Homoflex Hose maintains uniform inside and outside diameters for faster flow on the job . . . easier fitting of couplings. Ask your R/M representative about types of Homoflex Hose for your operations. He can also show you how other types of R/M Hose for general and special purposes last longer, too . . . give you "More Use per Dollar."

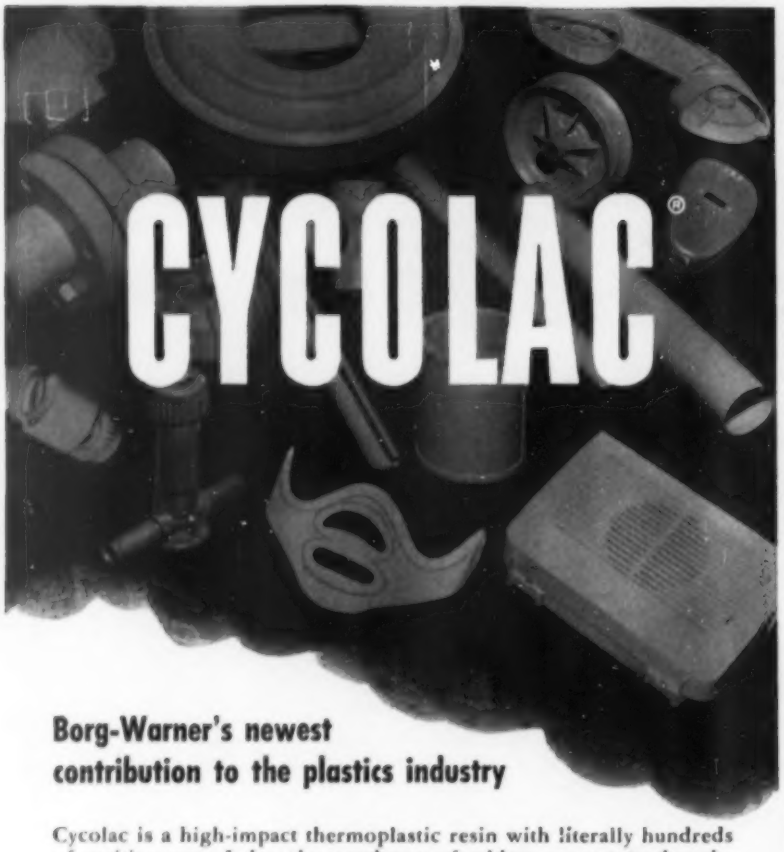
RM-611

MANHATTAN RUBBER DIVISION—PASSAIC, NEW JERSEY

RAYBESTOS-MANHATTAN, INC.



Other R/M products include: Industrial Rubber • Fan Belts • Radiator Hose • Brake Linings • Brake Blocks • Clutch Facings
Asbestos Textiles • Packings • Engineered Plastic, and Sintered Metal Products • Laundry Pads and Covers • Bowling Balls



Borg-Warner's newest contribution to the plastics industry

Cycolac is a high-impact thermoplastic resin with literally hundreds of exciting uses. It has the toughness of rubber, yet approaches the surface hardness of most non-ferrous metals. It resists corrosion and acids which affect steel and iron pipes; is heat-resistant (holds boiling water); shatterproof; soluble; and so flexible it may be sprayed on elastic surfaces.

Cycolac was developed and is being produced by the Marbon Chemical Division of Borg-Warner. It is not just another plastic. Because of its unique "plus" factors, it suggests many new applications not heretofore considered for plastics.

Current production is being increased constantly to supply the rapidly expanding market. A new $10,000,000 Marbon plant is being constructed at Washington, W. Va., which will be in addition to the present two plants at Gary, Ind.

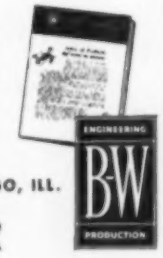
Development of Cycolac is another illustration of the practical way in which "design it better—make it better" at Borg-Warner means growth to industry and an enriched pattern of living to the public.

A FEW CURRENT CYCOLAC PRODUCT APPLICATIONS:

Beverage Dispensers
Bowling Pins
Cosmetic Cases
Film Cases
Fishing Floats
Hose Nozzles
Golf Club Heads
Water Softener Tubes
Highway Signs
Lawn Sprinklers
Mop Handles
Pen Barrels
Pipe and Fittings
Radio-TV Cabinets
Toys

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BORG-WARNER

in an adjacent section will be put up for sale for building homes in the $30,000 to $35,000 class. Also, three office buildings are being planned.

As those plans were being laid down for the Detroit suburbs, downtown merchants protested the current tax assessments to the Detroit Board of Assessors. They are asking for tax reductions of up to 15%. These merchants claim that their sales are down as much as 42% under 1950, the year when present tax assessments were originally established. J. L. Hudson Co. was not among the group making the protest.

• • •

Playhouse 90 Marks New Network Victory

A network has won another victory over advertising agencies and sponsors in the battle over who controls network programing (BW—Mar.10'56, p66). Columbia Broadcasting System wanted to replace Four-Star Playhouse on Thursday nights with its new 90-minute Playhouse 90 in the fall. Four-Star's sponsors, Singer Sewing Machine and Bristol-Myers, protested. So did one of the owners of the show, Dick Powell, who branded the action as "monopolistic." But last week it was clear that CBS had won. Both Singer and Bristol-Myers have signed up as sponsors of Playhouse 90; Powell and other owners of Four-Star have sold the show, which according to rumor may turn up on another network.

MARKETING BRIEFS

Motion picture censorship lost a fight in Pennsylvania, where the State Supreme Court found a 41-year-old law was unconstitutional. Chief Justice Horace Stern held that the terms of the act, which banned "sacrilegious, indecent, and immoral" pictures were too vague—in line with recent U. S. Supreme Court rulings.

Better Living magazine, a McCall publication distributed through the supermarkets, will fold after its May issue. One reason: The number of recent food mergers has complicated the distribution setup of supermarket publications.



Illustration Courtesy of THE AMERICAN TOBACCO COMPANY

9 adhesives protect a cigarette's fine taste

Few people know how freshness—*factory freshness* is preserved in making, packaging and shipping their favorite cigarette.

Adhesives (1) seal cigarettes, (2) attach cork and filter tips, (3) laminate foil and paper linings, (4) seal paper packs, (5) attach revenue stamps, (6) seal cellophane wraps, (7) form and seal cartons, (8) close shipping cases, (9) overcoat shipping labels.

These 9 adhesives, which are made from resin, starch, dextrine and casein bases, must fulfill many requirements. They're colorless, tasteless, nontoxic, moisture resistant, nonstaining, heat sealing, high speed, and capable of bonding a wide range of surfaces.

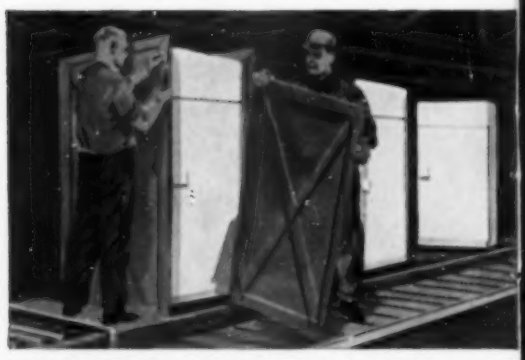
National is a major producer of industrial adhesives through chemistry—
a result of selective research and development.

STARCHES **National** ADHESIVES

RESYNS®

NATIONAL STARCH PRODUCTS INC., 270 MADISON AVE., NEW YORK 16, N. Y.

Courage, Enterprise and New Keep Industry's Leaders Ahead

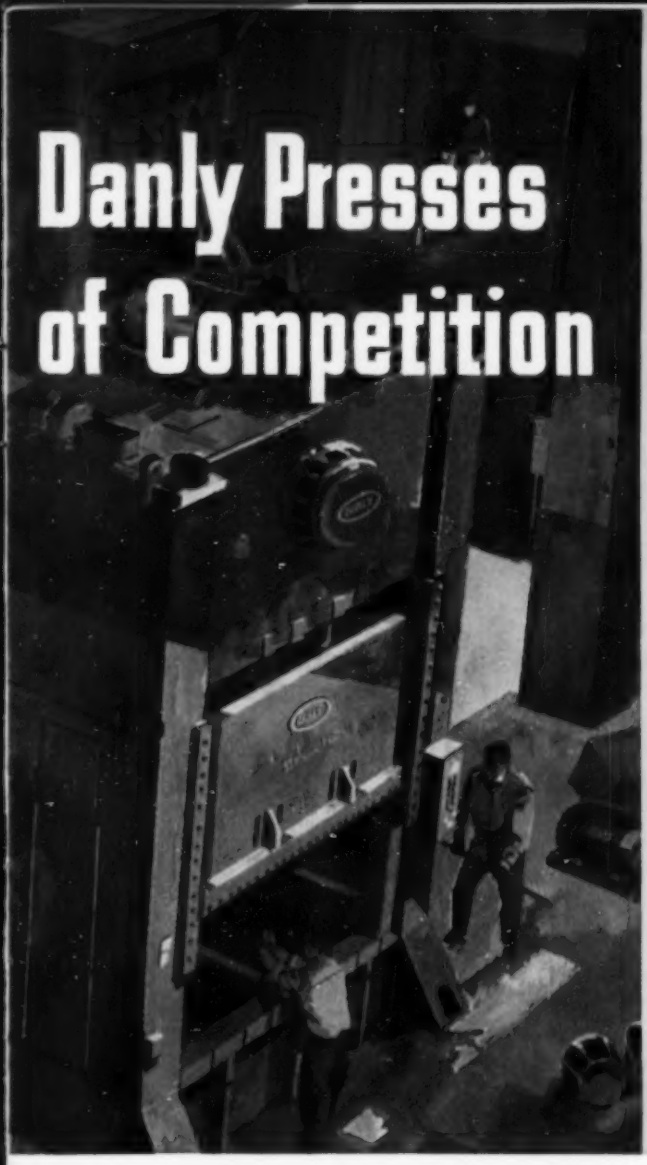


BETTER, LOWER COST APPLIANCES FOR MORE PEOPLE—a production miracle made possible by more efficient methods and machines.

The nation's leading appliance manufacturers meet competition's challenge with new Danly Presses!

Here's a scene typical of the progress being made in leading stamping shops . . . the installation of long lines of giant 600 ton Danly Autofeed Presses. Here's the starting point for cutting production costs.

Danly Presses of Competition



Top appliance makers are building their multi-million dollar modernization programs around the cost-cutting advantages of Danly Presses

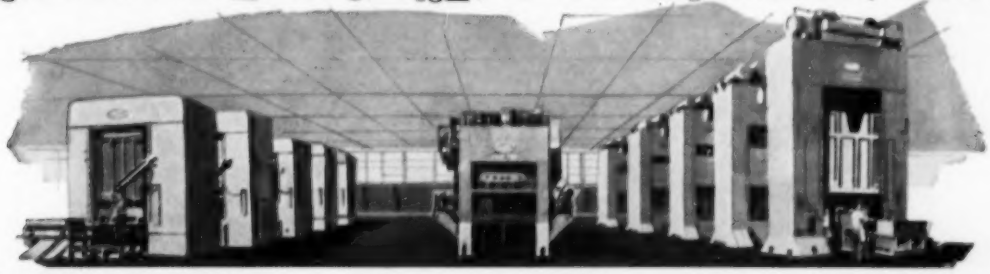
What does it take nowadays to keep a popular appliance line ahead of its competition? The appliance industry's far-sighted and aggressive leadership is providing the answer with new modernization programs designed to increase output and lower production costs . . . employing new methods, new materials—and *new presses!* And more than ever before, the choice is *Danly Presses.*

Why the big switch to Danly? It's Danly's unique ability to start to work immediately without costly delays at installation . . . it's the capacity to produce more stampings per shift, consistently at reduced cost . . . it's Danly's remarkable record for uninterrupted trouble-free operation, month after month, requiring only routine maintenance. These are unprecedented accomplishments—and important reasons for the growing acceptance of Danly Presses in stamping shops everywhere. Every Danly Press is actually assembled and pre-tested before shipment for faster erection and operation. Integral control systems make installation a simple "plug-in" job when desired. Automatic oil lubrication saves hundreds of hours of press maintenance. Danly's extra-rugged, proven design and construction give the reserve strength necessary to meet the demands of continuous peak-load operation . . . lengthen die life, lower production costs.

Does this sound like the kind of press performance *you* need to improve your competitive position? Then it's time for you to talk to a Danly engineer. He can give you the "dollars and sense" story that will prove *it costs less to run a Danly Press!*

DANLY MACHINE SPECIALTIES, INC.
2100 South Laramie Avenue, Chicago 50, Illinois

Danly's broad line offers all industry the right press to meet every modern mass production need



DANLY UNDERDRIVE PRESSES
Single, double and triple action in a wide range of press tonnages.

DANLY AUTOFEED PRESSES
Industry's No. 1 choice for uninterrupted production, longer die life.

DANLY STRAIGHT SIDE PRESSES
Single and double action, from 50 to 3000 tons . . . right for every tough job.

It costs less to run a Danly Press

DANLY®

MECHANICAL PRESSES

DIE SETS • DIEMAKERS' SUPPLIES

BUSINESS ABROAD



CULTURAL showcase is this million-dollar outdoor theater where musicals and ice shows are staged.



BUSINESS exhibitors at fair from U. S. include International Harvester, U. S. Steel, Glenn L. Martin.



HOTELS costing $10-million were rushed for 50,000 visitors to the fair. Above, the 154-room Hotel Paz.



Dominican Republic Shifts Economic Gears

The country's fortunes now are tied to sugar, but the Republic hopes to become the industrial and trade center, tourist haven, breadbasket for Caribbean. It is using an international fair (left) to promote its economic opportunities.

This week, the 600,000th visitor clicked through the turnstiles of the Dominican Republic's $25-million International Fair for Peace and Progress, the largest ever held in the Caribbean. Originally scheduled to close Aug. 16, the fair will run through 1956; by then over 1-million people will have viewed its business and cultural wares.

• **Economic Aims**—The fair's prime purpose is to focus international attention on the Republic's economic progress during the past 26 years—the period in which its fortunes have been guided by the strong arm of Generalissimo Rafael Leonidas Trujillo Molina.

A further aim is to serve notice that the Republic is shifting economic gears in an effort to become (1) the Caribbean's industrial and trade center; (2) a tourist haven; and (3) the agricultural breadbasket of the West Indies.

• **U.S. Representation**—In size, the fair looks like a scaled-down version of New York's 1939 Fair, even to its trylon and perisphere (pictures). Some 26 foreign countries have exhibits. A few like Spain, Venezuela, and the United States have even built handsome pavilions. The roster of American companies represented reads like an industrial Who's Who, including such names as U.S. Steel, Bell Aircraft, Babcock & Wilcox, Glenn L. Martin, and American Motors.

But the U.S. isn't the only country showing off its first-string industrial talent. New Buicks and Cadillacs have to compete for attention with Spain's $16,000 Pegaso sports car, and there's no lack of spectators at the Olivetti and Phillips of the Netherlands booths.

No matter where a visitor goes, he can't miss the fair's gay, entertainment side. At one end of the fair grounds, there's a Coney Island-type carnival complete with cotton candy and the roller-coaster. At night, the main activities are an outdoor theater, and a swank gambling casino.

• **Long-Range Objectives**—The fair's objectives, however, go far beyond providing space for international wares, and carnival razzle-dazzle.

Development of the country as the Caribbean's trade center is the goal that right now excites the Republic's imagination, and at the same time increases the country's awareness that the program's success depends greatly on American capital and knowhow. The U.S. by a wide margin has the largest foreign investment in the Dominican Republic and is its biggest customer.

I. Accent on Industrialization

The Trujillo regime has tried for years to increase industrial activities as a hedge against fluctuations in its predominantly agricultural economy.

• **Reasonable Success**—Through the years, the government has had reasonable success in this program. In 1941, for example, the Republic had 1,733 industrial companies with $75-million in assets. At the end of 1954, the comparable figures were 4,449 companies, and $173-million in capital.

But in two areas—the development of raw materials and distribution and trade facilities—the country has been stymied, mainly by lack of capital and knowhow. Now three projects are under way—all involving American companies—which may break this log jam.

They include the Gibbs Corp.'s $40-million shipyard project at Port Haina, Alcoa Exploration Co.'s bauxite development, and Barium Steel Corp.'s iron ore operation.

• **Shipbuilding**—The Gibbs Corp.'s undertaking is the most significant. By 1959, Gibbs plans to build complete repair and new shipbuilding facilities along the Haina River. The plan's first phase, a $12-million repair facility, should be completed this year.

The Dominicans see the shipyard as the key to their becoming a focal point for U.S.-Latin American trade. To complement the shipyard, the government plans to spend several millions building a free port and foreign trade zone on the east bank of the Haina.

• **Iron Ore**—The iron ore and bauxite developments fit neatly into this same picture; in fact, iron ore right now moves out of Haina to U.S. ports.

Barium is enthusiastic about Domin-



SUGAR still is the Republic's economic mainstay, but government is emphasizing . . .



MINERALS, an industry now being developed by United States interests, and . . .



SHIPBUILDING, regarded as the key to establishing the country as a trading center.



FORGING without Shock or Vibration

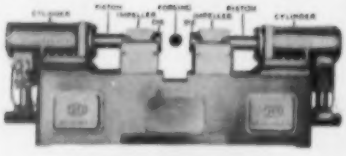
Unretouched photograph of cigarette left on IMPACTER during operation. Undisturbed ash shows effectively the almost complete absorption of energy in forging, dies and impellers.



AUTOMATIC LOADING, HEATING AND FORGING

Aluminum stock is automatically sorted, loaded into furnace, heated, carried to forging position, forged in one blow, and discharged to conveyor belt, untouched by human hands.

CECOMATIC FORGING PROCESS



THE IMPACTER
BASIC TOOL OF THE CECOMATIC PROCESS
"FORGING IN MID-AIR"

For the first time the mass production of "drop" forgings, from stock lengths to completed forgings, can be accomplished automatically in one uninterrupted process, without shock or vibration. Automatic heating, feed and handling devices are incorporated. Entire operation is free of manual skills.

CHAMBERSBURG ENGINEERING CO., CHAMBERSBURG, PA.

CHAMBERSBURG

ican ore. Its preliminary estimates are that the deposits contain 2-million tons of high-grade ores, much more low-grade ore. Much of the ore is 68% iron content. Originally, Barium scheduled 100,000 tons production a year; now it has tripled that figure.

• **Bauxite**—The bauxite development hasn't moved along so fast. Alcoa is now busy building roads to transport bauxite from the ore body to the Caribbean, and dock facilities.

The Dominicans also are hopeful about two other mineral developments. A California oil company has been given the country's oil concession. Geologists believe the Dominican Republic may have sizable oil deposits. Then there's a chance that the country's famous Salt Mountain will provide raw material base for a chemical plant operation.

II. Welcome Mat for Tourists

The Dominican government is putting a new emphasis on tourism as well as on industry. Compared to many of its Caribbean neighbors, the Republic's tourism has been only a trickle in the past.

• **A New Philosophy**—The Dominican Republic's new philosophy is that tourist dollars, like industrial development, may be valuable in offsetting any slump in agricultural exports. Last year, some 31,000 tourists—mainly Americans—spent $4-million in the country; this year, the totals will at least double. But more important, the Republic hopes to attract many vacationing businessmen, whose eyes may light up when they see the country's business opportunities.

• **Hotel Spree**—To accommodate the increased flow, the government has just built two new hotels, near the fair, the 310-room Ambassador, and the 154-room LaPaz.

Other new hotels include the 75-room. Generalisimo Hotel in downtown Ciudad Trujillo and several in the mountain resort areas.

• **Air Service**—To provide visitors with better air transportation facilities a new $9-million International Airport is under construction at Punta Caucedo, 17 miles east of the capital. Air service to the island already has been expanded to take care of the fair traffic. Varig Airlines and Pan American both have expanded service to Ciudad Trujillo.

III. Agriculture Still Dominant

But no matter how rosy the industrialization and tourism picture looks, agriculture—mainly sugar—will still dominate the country's economy for years to come. Today, sugar alone provides jobs for 74% of the workers, pays 68% of the country's wages.

• **Sugar Woes**—Five years ago, when

for all Types and all SIZES

There are good sites in the Land of Plenty for factories of virtually all types and all sizes.

The time to think about locations for new plants is while your other plans are going forward. There's really no reason to wait until everything else is "thought through", and then begin a quick search for "a place to build it".

Outline your needs to our plant location specialists *now*. Your confidence will be respected, no matter how far ahead you're looking.

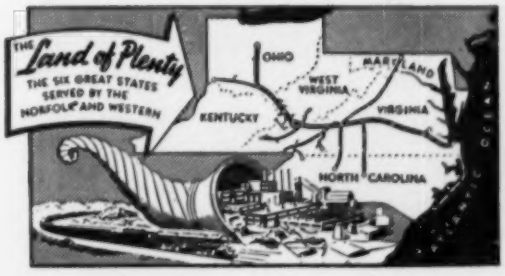
We'll tell you specifically about sites best meeting your requirements, and let you be the judge.

We can tell you now that this growing industrial region offers varied raw materials . . . reliable manpower . . . dependable rail service . . . ample industrial water and good power . . . fair state and local taxes and real estate values . . . nearness to all-purpose Bituminous Coal and limestone, nearness to markets and the great Port of Norfolk . . . good climate, good communities, good recreational facilities, and other advantages.

Remember — no matter what *type* plant you plan, or what *size* it will be, there are good locations we can show you.

Write, wire or call:

INDUSTRIAL AND AGRICULTURAL DEPT.
Drawer B-708 (Phone 4-1451, Ext. 474)
Norfolk and Western Railway
ROANOKE, VIRGINIA



Norfolk and Western RAILWAY

prices were high and markets plentiful, this dependence on sugar exports didn't seem bad at all. Now the Dominican Republic is beset on all sides with sugar woes. For one thing, the United States, its biggest customer, by law, can buy only 5% of the Dominican crop. And, on top of that, Britain, another big customer, now buys much of its sugar from its West Indies colonies. The uncertainty of old markets and shaky prices has forced the Republic to scramble for new markets—and boost production sharply to offset price declines.

Sugar, though, doesn't play so big a role as it once did in the country's exports. In 1930, sugar represented 62.6% of total exports; this has now been trimmed to 40%, as sales of cocoa and coffee have increased percentage-wise even more than sugar. Diversification in the agricultural field is also responsible. Cattle raising is being boosted, and the Republic is now a sizable exporter of meat. Truck gardening has also been stepped up. And rice is now a good-sized export.

• **Nearby Markets**—The Dominican Republic is still a long way from its goal of being the Caribbean's breadbasket. However, it has the markets—dozens of nearby islands, over populated, with little chance of supplying their own food needs. It also has ample farmland; over 60% of its tillable land has never felt a plow.

The big problem is providing enough farm labor to cultivate the land. Over-all Dominican population is only 2.5-million, and almost half the total are persons under 20 years old.

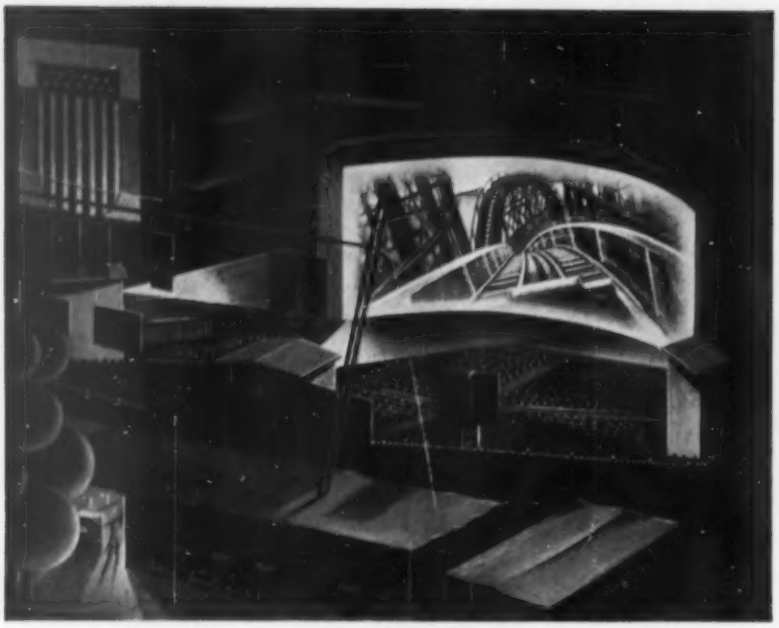
Several steps have been taken to cope with this shortage. One move is to use Haitian labor on a seasonal basis. Another has been to encourage immigration from Europe.

IV. Political Climate

In the long run, whether the Dominican Republic can achieve the economic goals it has set up for itself depends on two factors—the government's stability and investment climate. Both hinge on the country's No. 1 man, Generalissimo Trujillo.

• **History of Strife**—On the record, Trujillo's 26-year rule has shown sizable accomplishments. Even his bitterest enemies admit this. And he has had to work with a nation whose history has been one of the bloodiest of any in the Western Hemisphere. The oldest European colony in the New World, the nation was founded in 1492. For the next 400 years, the country was a constant battleground. The Dominicans also had to contend with epidemics and hurricanes.

Even the arrival of the 20th Century didn't put an end to the country's dif-



This view of the American Exhibit at Constitution Fair, held in Bangkok, Thailand, shows the special theatre in which "This Is Cinerama" was presented.

Electrical materials assembled in 5 hours set stage for Prize Winning Cinerama in Thailand

Five hours before take-off time at Mitchell Field Air Force Base, engineers of Cinerama called Ed O'Reilly, Salesman with Graybar in New York. The State Department had just selected Cinerama to compete for America in the Best Motion Picture classification at the Bangkok Exposition.

A diversified selection of vital electrical equipment had to be assembled in record time to load into a waiting flying box-car. Ed O'Reilly and Graybar-New York went to work. Material was assembled from stock, packed and labelled. Special equipment was ordered out of factory stock at Pittsburgh, and flown to New York, arriving 30 minutes before deadline.

Transported by air to Thailand, the indispensable equipment brought Cinerama to life at the exposition. The resultant first prize won by the United States, nosed out the up-to-then leading contending nation . . . Russia.

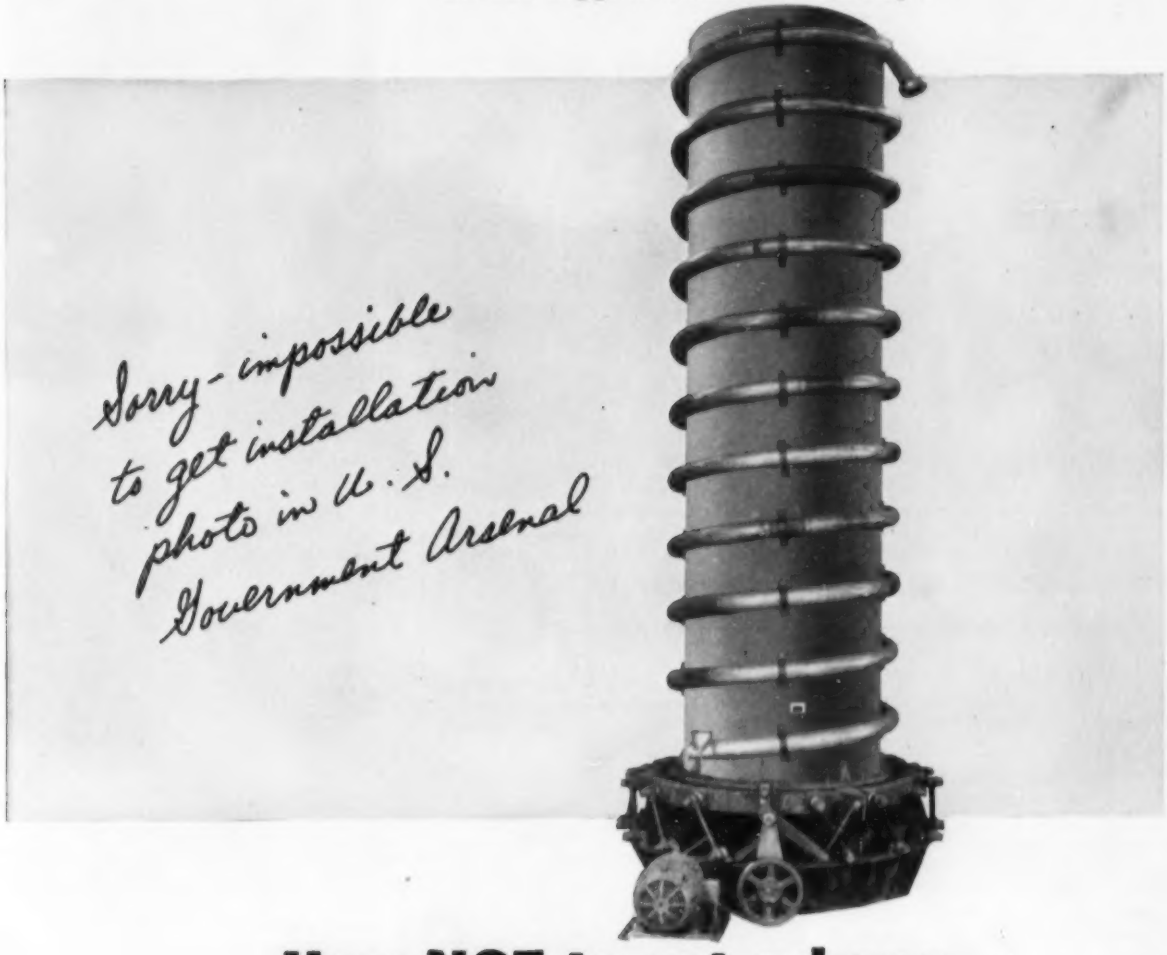
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After several of these dangerous explosions had caused heavy damage, Carrier was called in. Within a month, Carrier engineers had come up with the answer in the special Spiral Natural-Frequency Conveyor shown above.

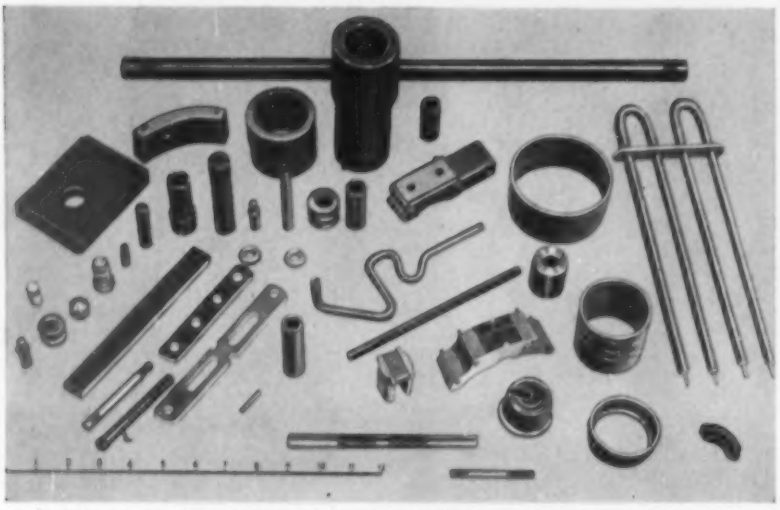
It's stainless-steel throughout, with totally-enclosed conveying tube. It's grounded, air-tight and self-cleaning. It vibrates the powder gently, quickly and safely to the top discharge where it's fed onto another Carrier Natural-Frequency Conveyor—a covered, horizontal unit that's also stainless-steel, air-tight and grounded. The whole operation is now quicker, cleaner and more efficient. Most important, of course, *danger has been minimized!*

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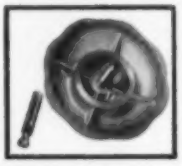
Carrier Conveyor Corp., 200 North Jackson St., Louisville 2, Ky.

DIE CASTING REPORT



Steel, brass, iron in all other shapes and forms are possible insert materials in die-casting.

Wide variety of inserts, broaden functional use of die casting



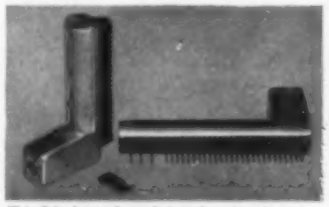
The intelligent use of inserts has done much to extend the versatility of die-castings. Some idea of the wide variety of insert materials commonly used in products and components may be gained from the above photo. Steel, brass, and iron (in bar stock, tubing and stamped form) are represented. Even wood has been successfully inserted, and a laminated assembly may be seen in the foreground. Cal-Rod inserts may be seen, too, as well as irregularly bent tubing and common bearing surface inserts. Here are new design possibilities for product engineers seeking ways and means of lowering production costs, without sacrificing functional efficiency.

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One of the common types of small inserts: The knurled brass threaded insert shown here. This piece measures only 3½ inches outside diameter.



Four identical steel stud inserts are cast in place in this zinc alloy platen toggle frame assembly measuring 12 inches overall. This is a functional unit of a business office machine.



This 2-inch wool comb is a functional component of a textile machine. Die-cast in zinc it has 26 steel blade inserts; also cast in aluminum with 29 inserts.

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NO. 1 MAN in Dominican Republic is Rafael Trujillo. His son is likely to take over when he is ready to relinquish power.

ficulties. In 1907, the Republic was so in arrears in its debt that France and Germany threatened armed invasion. They were only placated after the U.S. stepped in with a $20-million loan. For this, the Republic allowed the U.S. control over its customs collections.

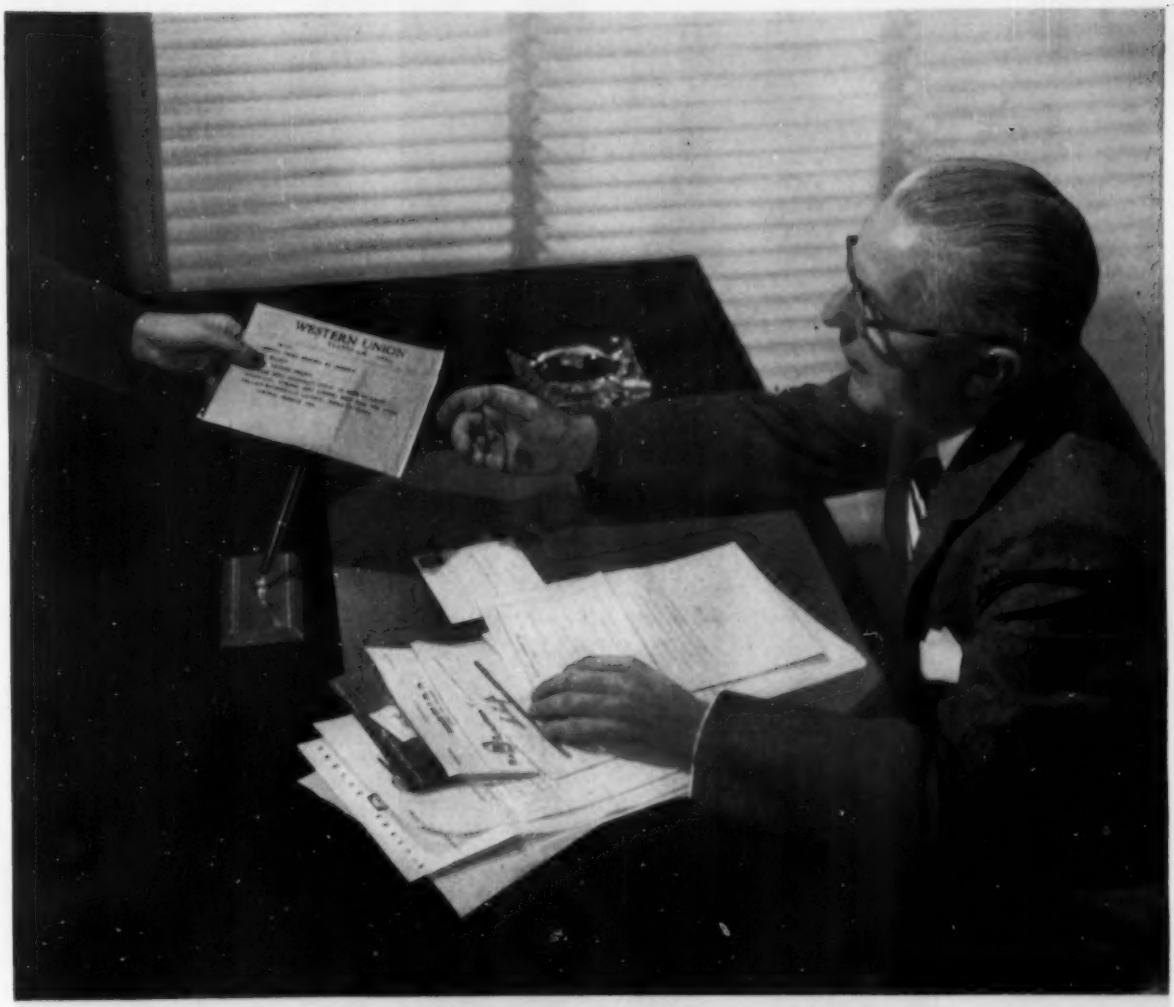
• **Rise of Trujillo**—Trujillo entered the political scene in the 1920s as a career Army officer; he was elected president when he was 39. Unfortunately, 18 days after he took office, a hurricane devastated the capital city.

Under Trujillo's strong-armed policies, the country started rebuilding. Some of the generalissimo's major strategems include spending huge amounts for public works, roads, bridges, housings, and schools.

• **Debt-Free Nation**—Just how solid the Republic's financial footing is can be shown by a few figures. In 1947, it paid off its external debt; in 1953, it wiped away its internal debt. Exports outstrip imports by about $20-million a year; its peso is on par with our dollar.

On the negative side is the obvious fact that the country has had to pay the price for these gains with a loss of individual freedoms and democratic government. No one makes any bones about the fact that Trujillo runs the show. And he's a man who doesn't take criticism lightly; few are left who have spoken out against him.

• **American Investments**—This has made some American investors queasy about putting their money into the country. But nonetheless, Americans today have an estimated $150-million invested in the Republic, and more is on the way. One incentive is the liberal tax exemptions the government offers new industry. And there is no limit on profits or the amount of capital that can be taken out. END



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COMMUNISTS PUSH BY PAVING AFGHAN STREETS . . .



. . . SIGNING TRADE DEALS WITH COMPANIES IN INDIA

Competition in Aid

This week, Pres. Eisenhower moved to counter the Communists' efforts to woo the underdeveloped countries in Africa, the Middle East, and Asia. He sent a message to Congress requesting $4.9-billion for economic aid and military assistance to these countries—considerably more than he asked last year.

The size of the program and some of its long-term features have convinced professional politicians that Eisenhower faces tough opposition on Capitol Hill—so tough that he may have to accept far less than he is asking for.

On the other hand, Administration officials feel that Eisenhower isn't asking for enough. They say that Soviet economic gains, in places like Afghanistan and India (pictures), are making the new aid program obsolete even before Congress has a chance to debate it. These officials regard the President's proposals purely as stopgap measures while the U.S. forges bolder policies.

For a hold-the-line operation, Eisenhower is asking a lot. He wants: **A total of $1.9-billion** in new economic aid money—$200-million more than Congress appropriated last year. Roughly 75% of this would go to Asia and the Middle East. In addition, he asks for $3-billion for military aid—an increase of $2-billion over last year—the extra funds to be used to build up a backlog of weapons.

Authority to commit economic funds in advance of appropriations to help finance long-term development projects in underdeveloped countries.

A free hand in allocating aid to specific countries—through regional funds for Southeast Asia and the Middle East, and through a general emergency fund.

• **Starter**—Although Eisenhower is asking for big money and some big changes in foreign aid procedures, he sees this program as just a starter for a complete revamping of U.S. aid policy. Even while his message was being transmitted to Congress, at least half a dozen committees were reexamining both the size and the basic assumptions of the program. Now that State Secy. Dulles is back from his swing through Asia, this flurry of planning almost certainly will head up into a full-dress National Security Council review.

It will take time for the many government agencies involved to get the measure of the new Soviet challenge and to agree on a course of action. However, there's general agreement that the nature of the world conflict has changed radically since Eisenhower and the Russian leaders accepted the stalemate of atomic weapons at Geneva last summer. There's also agreement that the U. S. must use a different approach in meeting the new situations.

• **Reappraisal**—Here's the thinking behind the reappraisal:

Before Geneva, U.S. foreign aid was tailored to deal with the problems of a free world that, economically, was virtually sealed off from the Soviet empire. The economic problems of allied countries could be stated in terms of defense potentials. The economic problems of neutrals such as India could be stated in terms of how fast the standard of living had to rise to avoid a Communist takeover from within. The Soviet bloc's economic weight could be left out of these black-and-white calculations.

Now the U.S.S.R., with the help of its satellites, has signed or is offering trade and economic development deals with more than 15 underdeveloped and politically vulnerable countries from Indonesia to Liberia. This is bound to change both the objectives and the methods of U.S. policy.

• **Concern**—Look at the scorecard of Communist economic penetration into the Free World so far, and you can understand Washington's concern. Within the past year, the U.S.S.R. and its European satellites have extended roughly $600-million in long-term, low-interest (most at 2.5%) credits to underdeveloped countries. That compares with only a few millions in the entire cold war period.

Here's the breakdown by country of total Communist economic assistance to date:

Egypt: $165-million. Of this, $140-million was for Czech arms, $15-million

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for bridges, power equipment, a ceramics factory, and other light industrial equipment from East Germany, Poland, Hungary, and Czechoslovakia. Repayment is to be made over 30 years in cotton and rice, at 2%.

Afghanistan: $115-million. Of this, $100-million is a long-term trade credit to permit importation of Communist equipment for power and irrigation development, light industry, and airport construction. The remaining $15-million consists of loans for road building, grain storage facilities, a cement plant, other light industry, and East German arms.

India: $150-million. About $100-million is for a 1-million-ton-capacity steel mill, repayable in rupees over 12 years at 2.5% interest. Another $45-million is toward importation of 1-million tons of Russian steel. The rest will be used for oil drilling and mining machinery, power equipment, a bridge—to be built by the Czechs—and to finance the exchange of technicians.

Indonesia: $20-million. Of this, $13-million is for a sugar mill from East Germany, $5-million for a cement plant from Rumania, and roughly $2-million for Czech machinery.

Burma: $5-million. This is for such machinery as trucks, autos, construction equipment, plus a barter deal involving 20,000 tons of rice a year to be exchanged for capital goods. The Russians also have offered technical assistance in farm development and industrial expansion.

Iran: $3-million. This is for a sugar plant from Czechoslovakia.

Syria: $8-million. For a Czech sugar mill and an East German cement plant.

Turkey: $4-million. For spinning mills and other light industrial equipment from Czechoslovakia, East Germany, and Hungary.

Lebanon: $2-million. Unconfirmed and no details available.

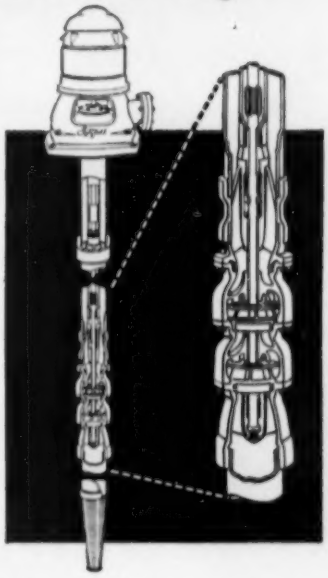
Yugoslavia: $83-million. Plus cancellation of pre-1948 debts.

• **High Cards**—Soviet bloc economic assistance to underdeveloped countries is not the full measure of Soviet economic offensive. The growing imbalance of the Russian economy between industry and agriculture permits Moscow to offer these countries markets for their agricultural surpluses.

Beyond this, Moscow has two aces in the hole. It can point to its own dramatic success in turning a backward economy into the second strongest in the world; and it can play upon latent anti-Western hostility in much of Asia, Africa, and the Middle East.

• **Danger**—Most U. S. officials feel that there are real dangers for the West in the sort of economic contacts the Russians are establishing with underdeveloped countries. There is the risk at one extreme that a country may become

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totally dependent economically upon Russian markets and capital goods—Afghanistan seems to be heading in this direction. Russian economic assistance opens countries to political infiltration by Soviet technicians.

• **Issues**—These are the outlines of the Communist economic challenge with which Administration leaders will be wrestling in the months ahead. There is general agreement that foreign aid is the only answer to the Soviet "trade" offensive, that heavy U.S. private investment in the underdeveloped countries can't be counted on.

Some Administration leaders, including Herbert Hoover, Jr., Under Secretary of State, still have doubts about meeting the problems by increasing aid to neutral countries. They think of the challenge primarily in military terms. But the consensus in the Administration seems to be that the threat is primarily economic and political—that the U.S. should step up its efforts to speed economic development in Asia, the Middle East, and Africa in its own long-term interests, anyway.

• **Questions**—Since Eisenhower leans strongly toward the second view, U.S. policy is likely to evolve in that direction. It isn't clear yet what this will mean in concrete terms. But the questions now being explored by Administration committees give some idea of the way aid policies may develop. The main questions being studied are:

• The mixture of military and economic aid. Officials are questioning the wisdom of pushing military expansion at the expense of economic development in countries like Pakistan, Thailand, and South Korea.

• The advantages of supporting SUNFED, the proposed multilateral United Nations economic development agency. International assistance frequently is more palatable to countries with a colonial heritage. At the same time, Russia likes to tie up its assistance with tight bilateral strings. U.S. support of SUNFED might put the Soviet on the spot.

• The value of launching a major economic development program in Africa to forestall the eruption of the crises we're now fighting in the Middle East and Asia.

• Support for long-range development programs in underdeveloped countries. This would go a step beyond Eisenhower's current proposal for authority to finance specific longterm projects.

• The whole question of U.S. aid to India. This will be a major test of strength between the conflicting aid philosophies within the Administration. The Hoover-Hollister-Humphrey group would hold aid to neutralist India about where it is. The other group would increase it.

• More extensive use of U.S. farm surpluses to finance long-term development.

• Encouragement of triangular and regional trade in Asia and between Asia, Europe, and the U.S.

• The desirability of backing projects with popular political appeal, regardless of their economic soundness. The Russians won spectacular political profits—at little expense—by paving the streets of Kabul, Afghanistan, after the U.S. had refused to do the job.

Copper Prices Up

Continued climb gives U.S. fabricators nightmares, but it may be Chile's chance to stem its inflation.

U.S. manufacturers and fabricators held their heads this week as Chilean copper prices climbed higher. Anaconda Copper Co. announced it would let its Chilean production find the world market level (at midweek this was about 54¢ a lb.). This meant that if any Chilean copper is to reach the copper-short U.S., the new price will have to be met—even though Anaconda promises to hold the price line for its domestic product.

From the Chilean standpoint, this boom couldn't be better—if only it lasts. Revenues from copper sales supply the country's principal foreign exchange needs and a big part of government revenues. About 60% to 65% of the increased price will go to the government in taxes. It could make a whale of a difference this year, since copper production is expected to go up 20% over 1955.

• **Opportunity**—Furthermore, it may give the Chilean government a chance to put their economy into shape, to stem the inflation that has nearly ruined the country in the postwar period (BW—Jul.16,55,p124). The prospect of greatly increased revenues gives the government an opportunity to put into effect a three-faceted program recommended by Klein-Sachs, a Washington economics consultants firm, which is advising Pres. Carlos Ibanez. The Klein-Sachs program is: (1) To establish a deflationary credit policy; (2) to set up a currency stabilization fund; and (3) to encourage increased foreign investment.

Ibanez already has been able to start the credit squeeze. It began last year when the bank rate was raised, and has effectively cut back imports of luxury goods, encouraged a quick turnover of retail merchandise at lower prices, and discouraged speculation on the peso-dollar rate (now down to 500 from last



Diaphragm of "Teflon" and cutaway view of valve. (Valve manufactured by Hills-McCanna Co., Chicago, Illinois. Diaphragm molded by Raybestos-Manhattan, Inc., Manheim, Pennsylvania.)

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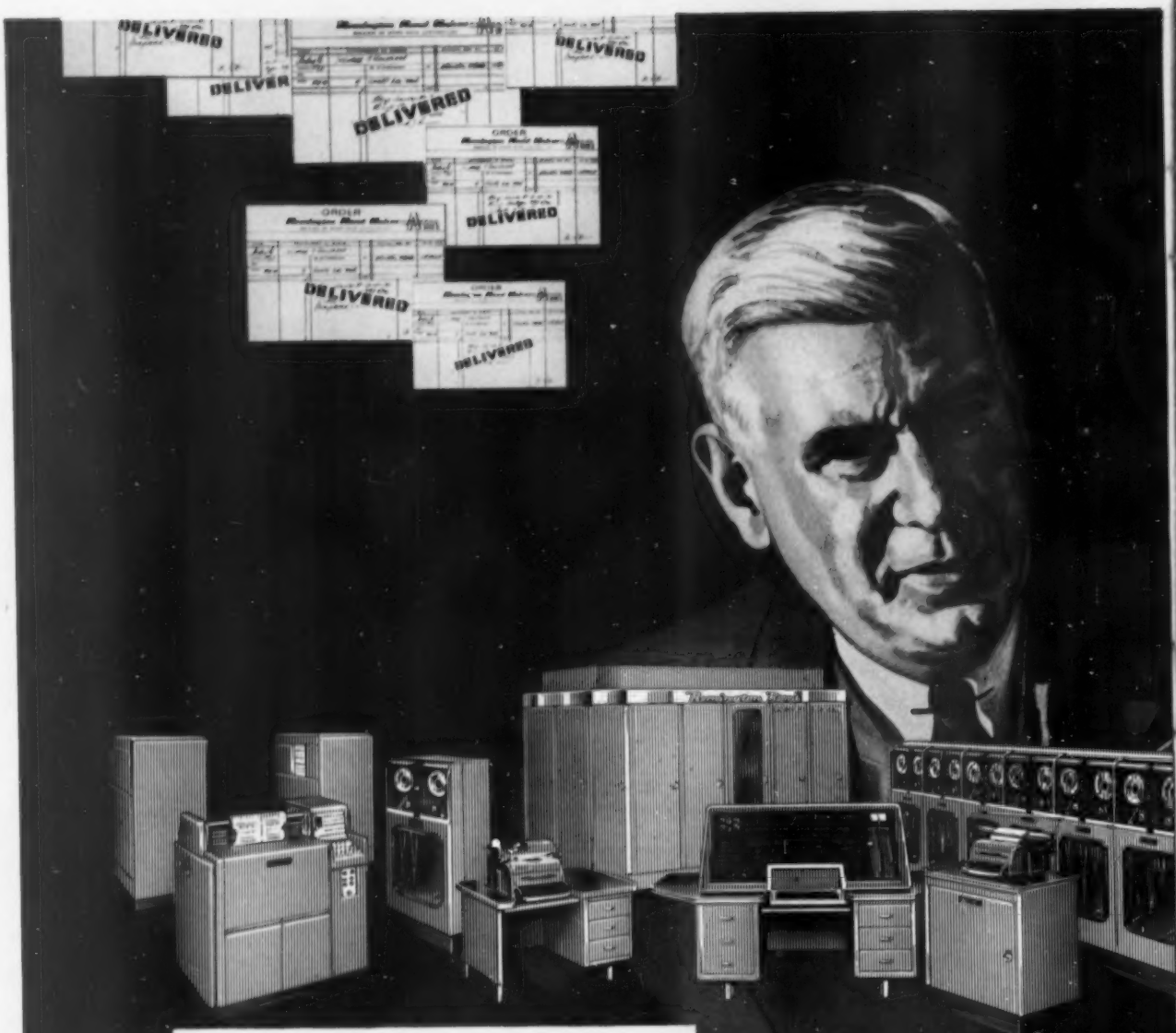
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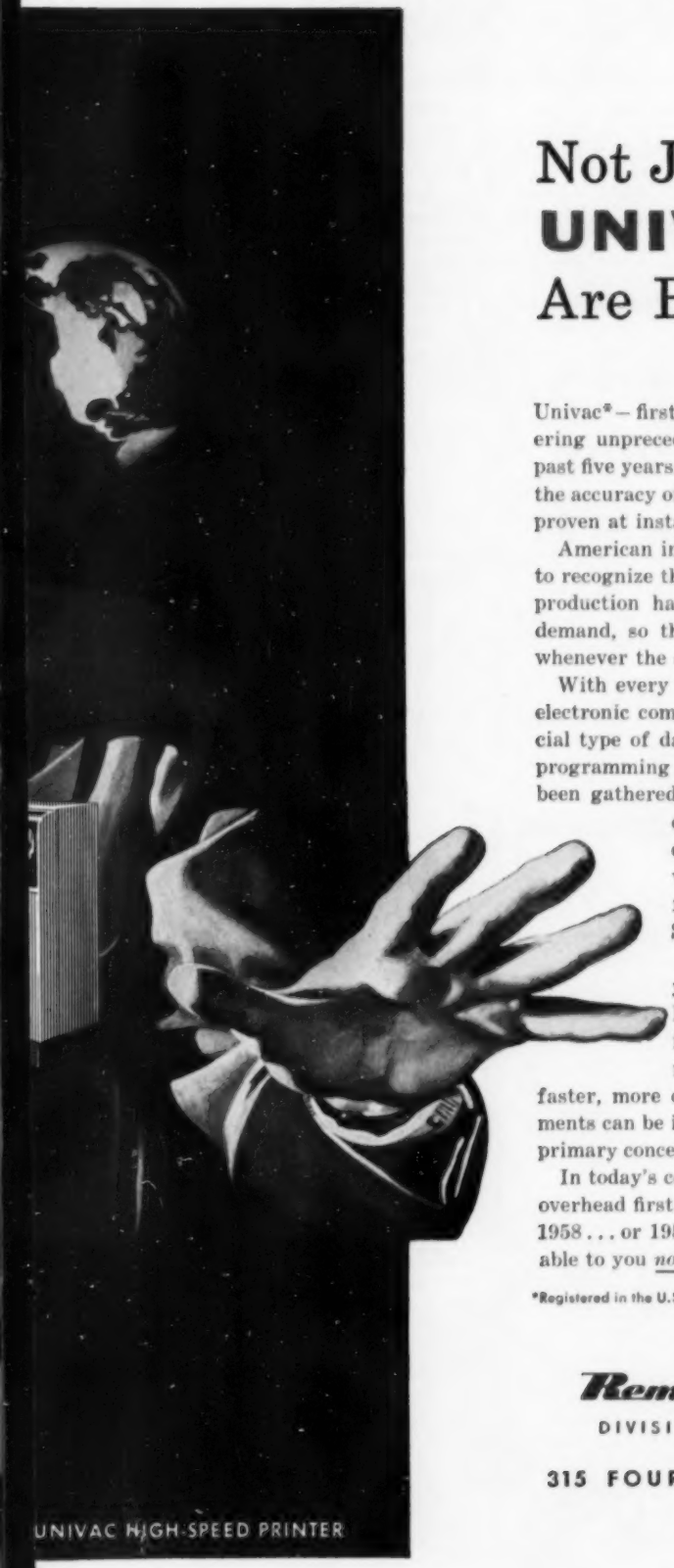


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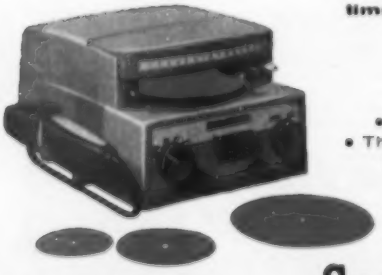
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• **Takers**—Now Santiago wants to move in on the currency problem by setting up a $75-million stabilization fund, then letting the peso loose to find its own level instead of the unrealistic official rate of 300 pesos to $1. The International Monetary Fund has O.K.'d the plan for a $35-million loan—provided the U. S. Treasury antes up $10-million, and provided another $30-million can be raised through private banks.

This week it looks as though a group of New York banks led by First National City will go along. Their optimism apparently is based on the copper sale prospects.

The copper companies themselves are optimistic. Anaconda is putting another $100-million investment into the country, $53-million of it into a new mine. This week it was reported that Cerro de Pasco, a long-time resident of neighboring Peru (BW—Oct. 22'55,p142), plans to open Chilean copper mining operations.

BUSINESS ABROAD BRIEFS

Communist Hungary joined fellow members of the Communist bloc last week when it signed a trade pact with the Canadians to buy 5-5-million bu. of wheat over the next three years. That brings the box score of Canadian surplus sales to the Communists to: Russia, 55-million bu. of wheat; Czechoslovakia, 11-million bu. of wheat, 1.3-million lb. of butter, and 1.6-million bu. of barley; Poland, 12.8-million bu. of wheat; East Germany, 8.3-million lb. of butter.

•

Russia's Aeroflot, Soviet civil air line, is rumored dickering to purchase French Caravelle jets. They would be used to put Aeroflot into international service beyond the Iron Curtain countries. . . . Meanwhile, State Dept. sources say the chances of Pan American or Trans World Airlines flying into Moscow are slim despite a rumor in New York airline circles that Pan Am is on the brink of getting such permission.

•

Arab League attempts to put a collective squeeze on Western oil companies in the Near East are apparently falling through. Mohammed Selman, director of the Permanent Oil Bureau of the League headquarters in Cairo says two innocuous resolutions have been approved and passed on to member states for their approval: (1) prevent Israel from getting oil; and (2) "help individual Arab oil producing and transiting [pipeline] states get better terms from foreign oil companies."

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To minimize danger from fires and explosions that might hamper the operational efficiency of its great carriers, the U. S. Navy is now using Celanese* Cellulube 220, a straight chemical compound, as hydraulic fluid to activate deck-edge elevators.

Used for more than 1,500 hours aboard the Bennington, Shangri-La and Ticonderoga, Cellulube 220 is in service aboard the new Saratoga, and is also being evaluated for additional Naval applications.

Cellulube 220 is one of a series of synthetic (non-petroleum) functional fluids developed for industry by Celanese in six controlled viscosities. These fire-resistant hydraulic fluids and cylinder lubricants provide a significant margin of safety wherever high temperatures and pressures may cause fire or explosion.

For additional information about the Celanese Cellulube series, write to Celanese Corporation of America, Chemical Division, Department 568-C, 180 Madison Avenue, New York 16.

In Canada, Canadian Chemical Company, Ltd., Montreal, Toronto, Vancouver.



DECK EDGE ELEVATOR TAKES PLANE TOPSIDE. Cellulube 220 is being used in elevators of this type on the Shangri-La, Bennington and Ticonderoga. The Navy plans to install fire-resistant hydraulic fluids on all carriers.

OFFICIAL U.S. NAVY PHOTOGRAPH

"U.S.S. Saratoga"

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NAACP'S THURGOOD MARSHALL met reporters after the Supreme Court's anti-segregation decision; ever since, he and his associates have been . . .

Steering the Racial Battle

Sociologists have written millions of words about the South's racial problems and tensions (page 30). But to the majority of white Southerners, all the racial troubles that have suddenly beset them can be explained in these eight words: National Assn. for the Advancement of Colored People.

The Southern estimate of NAACP's importance is accurate to at least this extent: As the prime mover in a massive campaign for a total turnabout in the South's social and economic treatment of the Negro, NAACP has become a force to be reckoned with—for good or bad—in American life.

Now in its 47th year, NAACP is bigger and richer than ever before. It is flushed with success and armed with years of experience in legal attacks on racial discrimination. Today it holds powerful legal and propaganda weapons over the head of the South.

The most important single fact about it right now is this: Contrary to the advice of most of its white friends both in and out of the South, NAACP is planning to use its new weapons relentlessly. It is pushing hard toward its ultimate goal of equality for the colored race in every walk of life, everywhere.

To achieve that goal it can draw on the resources of a widespread organization, a battery of legal talent, and a depth of emotion that matches the white South's own.

• **300,000**—NAACP is a far-flung operation. It has 1,300 branches in 44 states—all but North Dakota, Vermont, New Hampshire, and Maine—with a membership of about 300,000. Most members pay the minimum $2 annual membership fee, and this money is split between the branches and national headquarters.

Membership is open to Negroes and whites alike. The only requirement is payment of the annual dues. About 90% of the members are Negroes. About 60%, or 180,000 members, live in the South; virtually all of these members are Negroes.

• **Scope**—NAACP is a nonprofit enterprise, but it is registered as a lobby group in Washington and, therefore, is not entitled to tax-exempt status. However, its Legal Defense and Educational Fund, which receives much of its support from contributions of liberal groups and wealthy individuals, is tax-exempt. It is housed apart from NAACP proper in New York, but it cooperates closely with the parent organization.

NAACP exerts discipline over its branches from central headquarters. Right now, it is especially concerned with the problem of keeping down left-wing elements. Roy Wilkins, NAACP's executive secretary and chief guiding force, says "We do not say that somewhere inside an organization like ours there may not be a few fellow travelers, but they are not effective and we will not let them become effective."

In all, NAACP, the legal fund, and the branches spent about $1.2-million in 1955. No precise figures are available, but it is a good bet that most of the expenditures went, directly or indirectly, into the Southern campaign. NAACP concentrates on schools, but it is busy with other campaigns, too—

How to file 48% more payload in the same floor space



Let Super-Filer solve
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If you're crowded for room—if extra floor space is costly—here's an easy way to expand your files! And a way that saves plenty of dollars, too!

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This one advantage has led thousands of businesses to standardize on Super-Filer. There are many other excellent reasons, too. To see them all demonstrated call the local GF dealer or branch. You'll find the showroom address in your phone book. Or write for a GF filing catalog to The General Fireproofing Company, Department B-60, Youngstown 1, Ohio.

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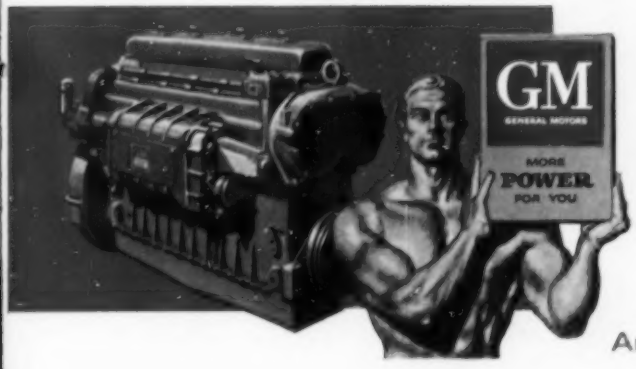
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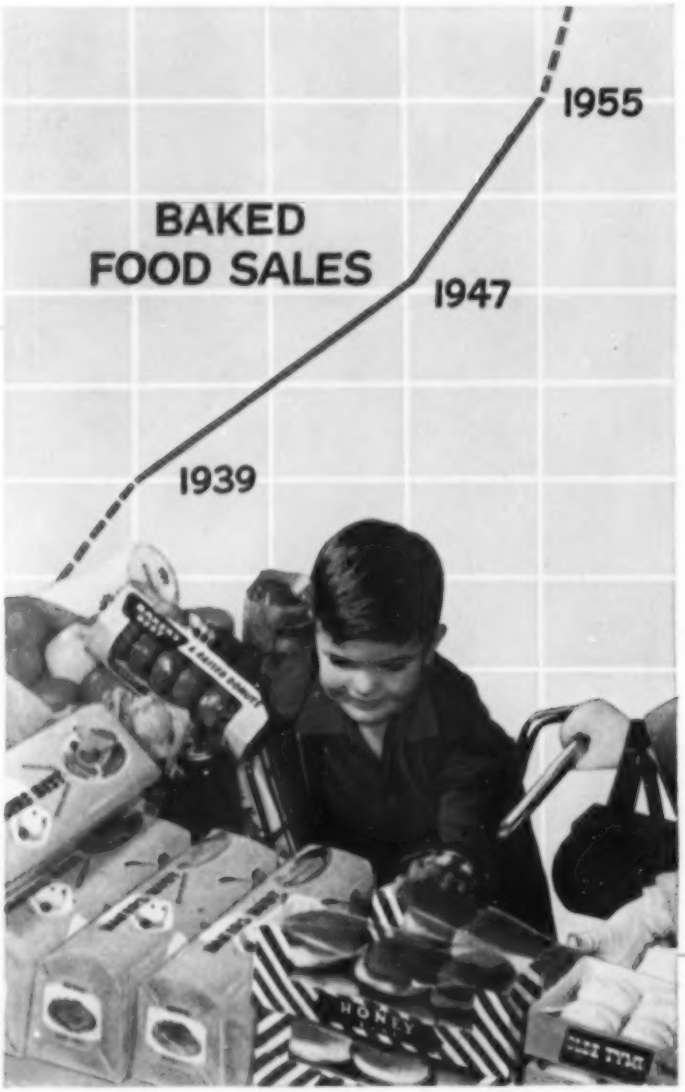
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lobbying for fair employment practices acts on both state and national levels, for example; educating Negroes in how to register for voting; preparing suits to challenge segregation in public recreation facilities.

• **Key Man**—Wilkins is the decisive influence on NAACP's course today, although technically he is responsible to NAACP's 48-member board of directors. These directors include both Negroes and whites, with the former in a slight majority. Among present white board members are Sen. Herbert H. Lehman (D-N.Y.), Mrs. Eleanor Roosevelt, and Walter Reuther of the United Auto Workers union.

• **Origin**—There is a tendency nowadays to regard NAACP as solely a liberal instrument for harassment of the South. Actually it was formed in New York in 1909 by a group of liberals in order to protest against a Northern situation—two savage days of rioting at Springfield, Ill., in which mobs killed scores of Negroes and drove out thousands more.

I. The Offensive Begins

It was not until 1951 that NAACP took its first really big step toward harnessing Negro power in the South. It opened a Southeastern regional office at Birmingham to oversee and promote NAACP interests among its 300-odd local branches in seven states.

It is no accident that Mrs. Ruby Hurley got the job of Southeast regional director. Her NAACP career in Washington and New York had been devoted to youth activities, and from 1943 to 1951 she was head of the youth division. This background suited her for moving into the situation NAACP wanted to capitalize on in the South.

"Young soldiers and war workers had come home from faraway places and they were not happy with their treatment in the South any more," says Mrs. Hurley. "More and more of the people were reading and writing, and the older ones who couldn't read or write were having it done for them by their kids, who could. The Negro was becoming more articulate."

NAACP membership in the Southeastern states has doubled since the Birmingham office was opened. In Mrs. Hurley's domain are something like 100,000 of the estimated 180,000 Negro NAACP members in all the Southern states.

Mrs. Hurley and a lone woman secretary operate the Birmingham office—a drab two-room suite—in the city's major Negro office building, the Colored Masonic Hall.

• **Detective Mission**—Mrs. Hurley arrives at work in Birmingham every day by taxicab to avoid riding segregated buses. As NAACP's principal agent in



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the deepest South, she is one of its most important officers today. It was she who supplied the information, for example, that went into NAACP's gigantic propaganda campaign after the "wolf whistle" murder of Emmett Till in Mississippi last August. She spent several nights in disguise as a sharecropper—old car, ragged clothes, and floppy straw hat—circulating among Negro families deep in the Mississippi plantation country on a detective mission.

"The Negro grapevine brought us word that there were some Negro witnesses who were afraid to talk to the white authorities, and would talk only to certain Negroes," she says. "I had to track down the certain people and then find the witnesses. Even so, after we found four, only two of them ever testified. One was afraid and refused. One other disappeared."

• **Propaganda Assault**—The white men accused of the murder of Emmett Till were freed by an all-white jury. This disappointed, but neither surprised nor disconcerted NAACP.

"We were in the Till case, of course," says a New York City official of the organization, "chiefly as propagandists. We couldn't prosecute it—the state had to do that. Within our limitations, we think we did a good job. Ruby produced the witnesses, and we called enough attention to the boy's murder that it became a cause. Look at the coverage it got."

The NAACP's propaganda campaign didn't stop with the verdict. Later, it circulated pamphlets emblazoned "M is for Mississippi and Murder," and it sponsored Mrs. Mamie Bradley, the Till boy's mother, during an emotional fund-raising lecture tour.

II. The School Issue

Propaganda is only one of NAACP's weapons. Basically, its reputation for aggressiveness has been built upon its readiness to sue. Its lawyers have beaten paths to courtrooms in the South and border states for three decades to battle against segregation.

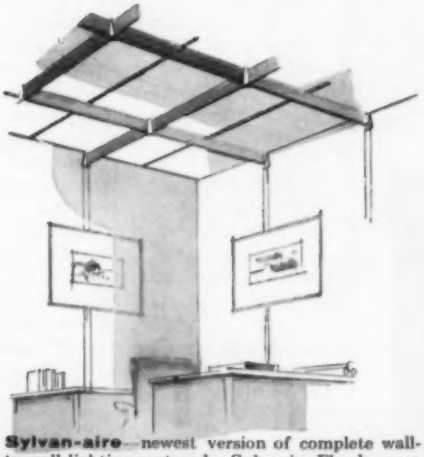
Of all the weapons the lawyers have won from the courts, none approaches in importance the May 17, 1954, decision in which the U.S. Supreme Court threw out the "separate but equal" doctrine. By decree of an earlier high court, that doctrine had applied as permissible law on public schools since 1896.

• **New Dimension**—Thurgood Marshall, the massive and articulate brown man who is NAACP's chief counsel and chief hero, fostered and pushed the test cases that brought on the ruling. It was Marshall who injected into the pleadings the new dimension that weighed heavily with the high court—the



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argument that Negro students, even in equal schools with equal teaching, suffered sociological blight by the mere fact of segregation.

It is over this issue—will the South desegregate or not?—that current battle lines are drawn between blacks and whites in Dixie.

• **But Long Planned**—In his office at NAACP headquarters, Wilkins sat back recently to puff at a cigar and contemplate the delicate situation in the South.

"We hear a lot of talk about gradualism, about going slow," Wilkins observed. "Well, people who say we're extremists or too aggressive forget that we have been working on this for years and years—25 years to be exact."

Wilkins was talking about a long-range master plan for NAACP's legal campaign to break down segregation in education. It was drawn up in 1931 by the late Charles Houston, dean of Howard University Law School, at Washington, D. C. Houston advised—and charted—the course that NAACP actually took—starting with a fight on segregation in state-supported graduate and professional schools, while creating an atmosphere in which the ultimate goal—unsegregated public schools—could be reached.

• **More Militant**—Wilkins took over as NAACP's executive secretary a year ago, with the death of Walter White, who had worked for NAACP more than 30 years. There were predictions that NAACP would fall apart with White gone, but Wilkins quickly proved such figuring was in error. If anything, he is more militant than White, and he is acutely conscious of passing through a historic time.

Wilkins' militance is matched by that of Thurgood Marshall who has handled the cases that put the NAACP strategy into effect. Marshall insists NAACP doesn't go out soliciting cases—"our members bring us more than enough to keep us busy." But it is a fact that NAACP helps in preliminary preparation of groundwork that leads to certain cases it wants to make a fight over. It was thus in the public school cases, and it was thus last month in the case of Autherine Lucy at the University of Alabama. NAACP officers delivered the 26-year-old woman to the campus daily in a Cadillac and, critics say, hovered over her like bodyguards.

III. A Look Ahead

Education is crucial in NAACP's plans for the future. It has poured millions of dollars into its programs over the years, and though the accounting is not compartmentalized to prove it, there is little question that most of them have gone for the educational drive.

• **Goals**—Next in sight for NAACP are



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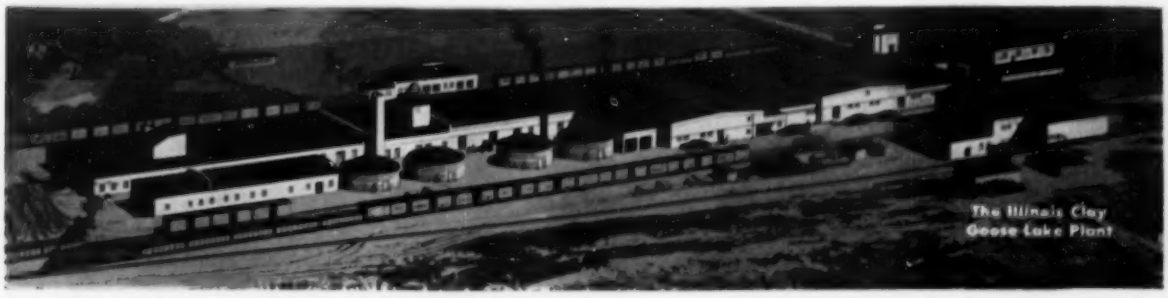
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a series of suits to translate the public school decision into reality and to get the first Negro students into the all-white Universities of Alabama, South Carolina, Mississippi, and Georgia.

Simultaneously, NAACP intends to step up its legal and propaganda efforts to reduce all racial barriers in employment, in housing and in use of public recreation facilities—and do it by 1963, the 100th anniversary of Lincoln's Emancipation Proclamation.

• **Strength**—NAACP is at a peak of financial power and member strength for this drive.

In 1955, its biggest year, NAACP and its separate legal branch—over which Marshall presides—raised and spent more than $1.1-million, a record. The present 300,000 membership is another all-time high. NAACP now, it appears, is even beginning to draw active support from conservative Negro businessmen, who had held carefully aloof before.

IV. A Political Switch?

The NAACP has been, in effect, an arm of the Democratic Party ever since Franklin D. Roosevelt converted the Negro from Republicanism by giving depression-time jobs and political recognition in the form of mass patronage.

In 1952, the Negro vote went to Adlai Stevenson. If he gets the Democratic nomination in 1956, it may not go to him again. Stevenson's moderation plea—in effect asking NAACP to go easy with its demands in the South—did not sit well.

Should Sen. Estes Kefauver get the Democratic nomination, NAACP would work for him eagerly.

• **Leaning**—As things now stand, Wilkins probably leans toward Pres. Eisenhower and V.-P. Richard M. Nixon. He may try to lead Northern Negroes into the Republican fold this fall. (In the South, NAACP always counsels the Negro to stay in the Democratic Party in order to make use of his limited political power.)

Most Northern and border state politicians have a healthy respect for the Negro vote, and most regard NAACP as being generally able to deliver it. Actually, no one has even been able to demonstrate whether NAACP leads or follows the Negro vote. Fresh evidence will come this fall if Wilkins does lean toward Eisenhower.

One of Wilkin's Negro political advisers says, "We are not entirely happy with Eisenhower. We think he is sympathetic, but he isn't forceful enough. We do like Nixon. Unlike either Stevenson or Eisenhower, who sought after Byrnes (Gov. James F. Byrnes of South Carolina) in 1952, Nixon has never been seen hobnobbing with any Southern extremist." END

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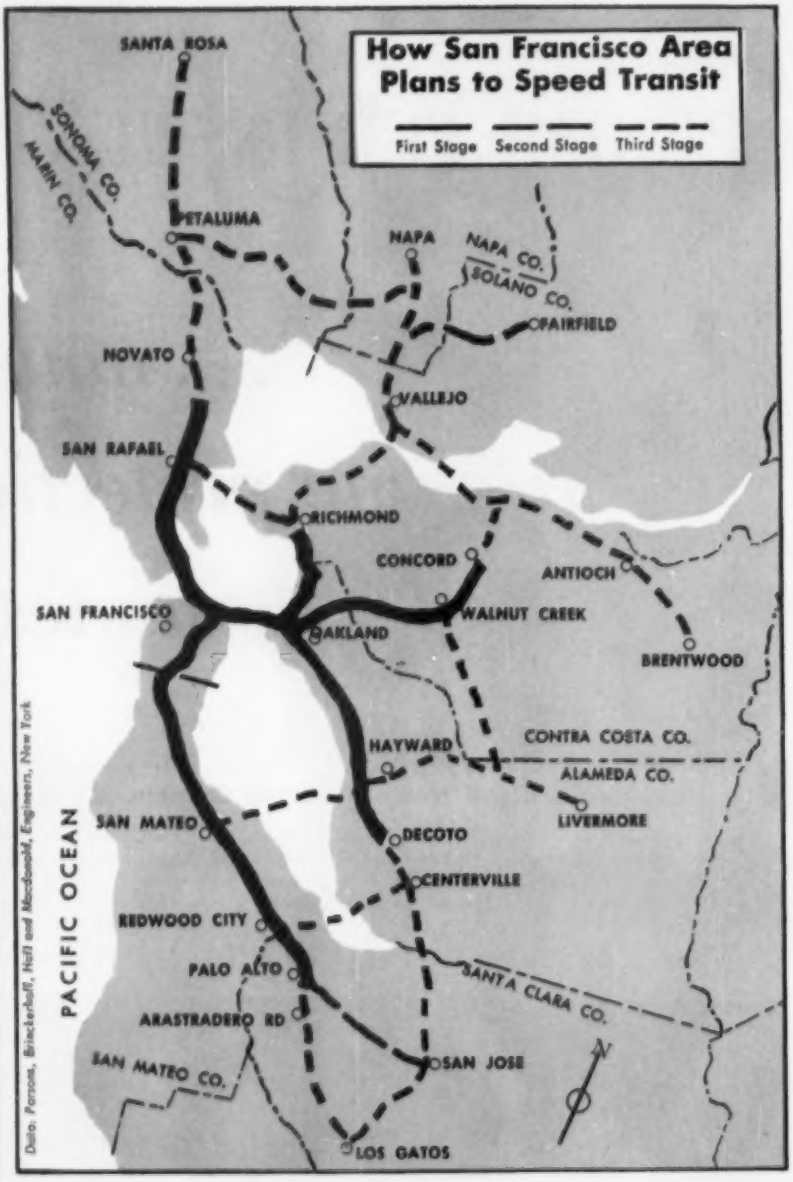
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Big and Bold—but Costly

Most large metropolitan areas, and especially those that are cut up by waterways, are faced with worsening travel conditions between downtown and the suburban "bedroom towns." With a bigger problem than many, the San Francisco Bay area is dreaming bigger than any. Its vision: 390 miles of electric railway (map) to cost $1.89-billion.

As an integrated interurban rapid transit plan, involving nine counties, the system is probably the biggest and boldest ever devised in the U. S. Its obstacles are on a similar scale.

• **In Theory, Feasible**—Last week, after 16 months of study, the Stanford Research Institute reported that the cost wouldn't be too much debt for the area to carry. Fares would be competitive for commuters-by-auto; and for a typical Palo Alto rail commuter, it would mean a 12¢ saving on each one-way trip. But the question remains: Will the voters of the nine counties choose to accept such a debt load?

• **The Need**—San Francisco's interurban transportation pattern today comprises the usual hodgepodge of diesel railroads, electric railroads, buses, and private autos. Commuting is in the typical vicious circle:

Riders switch from trains and buses to private autos, fares on public transit are raised to compensate for revenue losses, more riders become drivers, highways get more congested, new highways are built, more people desert the trains and buses—the average commuter's expenses go up, his travel time is lengthened.

A couple of years ago, the state created the San Francisco Bay Area Rapid Transit Commission to study the problem. The commission hired the New York firm of Parsons, Brinckerhoff, Hall & Macdonald to work out engineering recommendations, Stanford Research Institute to look into financing.

• **Three-Stage Plan**—Two months ago, the engineers unveiled their three-stage plan for subways, underwater tunnels, elevated routes, and surface lines, all electrified and all interrelated.

For the first stage, they proposed the 123-mile system (solid line on map) that seems most urgently needed. This would link San Francisco with the populous peninsula communities to the south by surface lines and elevated railways, with the so-called East Bay communities by a rail tunnel under the bay to Oakland, and with the Marin County suburbs to the north by a deck slung under the Golden Gate Bridge. In congested downtown districts of San Francisco and Oakland, the trains would go underground.

About $875-million would be needed in this first stage: for construction, for bond interest during construction, and for rolling stock.

Thereafter, as need dictated and financing permitted, the system could be extended to its full 390 miles. Then its double-track routes would stretch from Santa Rosa in the north to Los Gatos and San Jose in the south, from the Golden Gate in the west to the most remote suburbs of Oakland in the east.

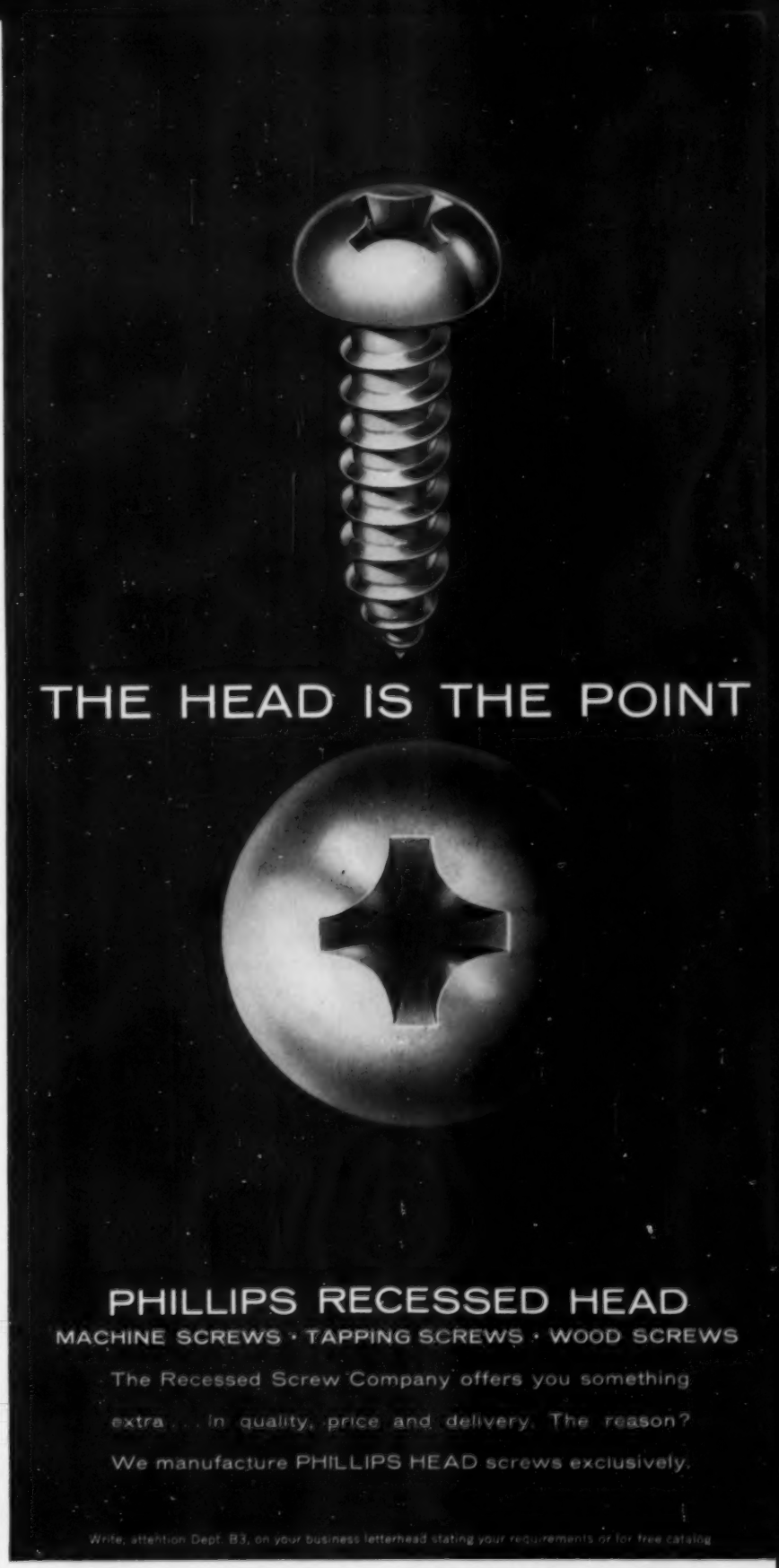
• **Time and Money**—Commuters bubbled over with joy when they heard that trains would operate at 75 mph. top speeds, would average 45 mph. including station stops, would run at 90-sec. headway during rush hours and no more than 15-min. headway in the slack times of day.

They listened eagerly to estimates of 11½-min. trips between San Francisco and Oakland, compared with 43 min. nowadays.

But they gasped at the financial side of the project. And they howled with rage at the prospect of a steep rise in taxes.

Stanford's report last week estimated that:

• The anticipated $29-million of annual revenue from transit service in the first 123-mile stage of the system wouldn't cover even half the cost of





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operating, maintenance, amortization, and interest on debt.

• Even if the cost was spread over a 30-year bond issue, the debt would rise to $700-million in about six years. That's about as much as the present combined public debt of all nine counties.

The Stanford Institute suggested that an increase of 67¢ per $100 on real estate taxation would raise the $31-million a year needed for debt service, or a regional sales tax of 0.8% would yield $33-million. It said that a good case could be made, too, for diverting auto tolls from the San Francisco Bay Bridge, since the underwater transit tube would relieve congestion that now calls for another span.

• **Public Enterprise**—Stanford dismissed the possibility that private management could bring about the integrated system. The researchers saw a choice only between a state-appointed regional authority with broad discretionary powers or a regional utility district with taxing powers and greater responsiveness to local needs.

It's up to the rapid transit commission now to sell the project to the officials of the nine counties. If they favor it, the voters will have the final say.

Rate Slapdown

Arkansas power company is turned down by Public Service Commission for second time in 16 months.

For the second time in 16 months, the Arkansas Power & Light Co. has been turned down on a rate increase. The turndown by the Public Service Commission bore out the comment of Gov. Orval Faubus, a campaigner against higher electric rates, at the time the latest increase was filed last fall: "As far as I am concerned, they might as well withdraw it right now."

The governor, on second thought, softened his press conference remark slightly to say: "It has not been, nor will it be, my policy to dominate the PSC. It's barely possible that there is some merit in the application of AP&L."

But the PSC took the same action as it had taken on a larger rate increase in 1954. And AP&L reacted exactly the same way—took an appeal to court.

"We haven't won a general rate increase from PSC since 1944," a company man said.

• **Millions in Escrow**—AP&L's first rate increase 16 months ago called for an additional $4.2-million a year. It got caught in the 1954 political campaign as a hot issue, and a record heat

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Research and Development Spell Company Growth

This significant report appeared in the Jan. 28 issue of Business Week:

"The amount of money your company puts into research and development work probably is an excellent indicator of its growth rate. That's what Lionel D. Edie, investment consultant and economist, told 500 businessmen at the National Industrial Conference Board's meeting.

"According to Edie, companies that plow back 3% to 4% of their sales into R&D tend to have a yearly growth of 10%. (The national average is about 3% growth per year.)"

There are definite advantages in having an outside consultant on your research and development problems. Would you like to discuss this subject with us, without any obligation, of course?

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wave boosted customers' bills for running air-conditioners that year. In November, the PSC ruled out the increase. AP&L appealed to Pulaski County Circuit Court and, when that court upheld the PSC, to the state Supreme Court last year.

Because the case dragged on so long, AP&L was allowed, under bond, to collect the extra revenue pending a final decision. The Supreme Court is expected to render a decision any day now, and AP&L has collected nearly $7-million that it will have to refund if the verdict is unfavorable.

The more recent rate increase was filed last November to bring in an additional $1-million a year. By acting quickly, the PSC forestalled the power company's possible posting of another bond and collecting the increase even temporarily.

• **Earnings**—In arguing the latest application, AP&L officials testified that the company hasn't earned its "allowable" 6% return on investment since 1947, earning only 4.56% last year. This makes it impossible to attract investment capital, they said.

AP&L wants to earn 6% on a base of about $206-million investment. PSC adjusts this base to $196.6-million in this month's decision, chiefly by disallowing a 10-year construction loan of more than $3-million to Arkansas Louisiana Gas Co. and by cutting AP&L's claim for administrative and general expense by more than $1-million.

PSC figured the company's rate of return at 5.89%. The commission ruled, possibly setting a new precedent, that the company's rate of return should be flexible in a range of 5.5% to 6.25%. It said this would be a fair and reasonable return that would make AP&L securities attractive to investors.

• **Shouldering the Burden**—The PSC order calls for immediate study of the costs of serving the company's various classes of customers. The proposed rates, said PSC, would have placed "additional burdens upon those classes of customers which we believe are presently paying their just proportion."

Altogether, PSC said, the two rate increases totaling $5.2-million were tailored to put nearly 50% of their weight on residential users, 23% on small commercial customers, 13.81% on large commercial and small industrial users, and 8.1% on large industrial customers. The commission pointed out that 45% of the company's output goes to Reynolds Metals Co., yet Reynolds would have borne only a small proportion of the proposed increases.

Last December, Pres. R. E. Ritchie announced that AP&L was postponing construction of a new $1.5-million office building in Little Rock because of uncertainty over the rate issue. END

fmc puts ideas to work for

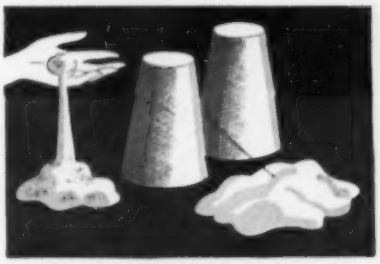
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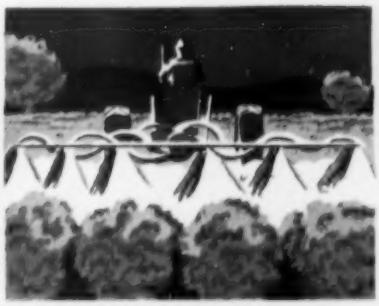
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Desert Dollars

Four Corners area of the Southwest is blossoming on some of the richest oil and uranium reserve finds in the U. S.

Six years ago, residents of Four Corners—the area where the state borders of Colorado, New Mexico, Utah, and Arizona converge—were acting like a hen whose brood is about to hatch. Four Corners had discovered it was sitting on some of the wealthiest resources in the country (BW—Aug.18'51,p94). The only question was how big the boom would be and when it would come.

Early estimates turned out to be on the conservative side, although Tom Bolack—an oil field foreman who later became mayor of Farmington, N. M.—predicted that the town of Farmington would double its population within a few years.

The boom not only arrived on schedule, but population in the Four Corners area trebled in the six years. Farmington's 3,700 population in 1950 soared to 15,000 in 1955. In 1954, retail trade volume was up 81% over the 1950 figure, and 1955 added another 13%.

• **Oversight**—For years, the experts had claimed that the Four Corners area was too barren and too isolated to change its status from the most unproductive area in the U. S. But they forgot to look beneath the surface of the desert landscape. There were more riches there than anyone had imagined.

Natural gas, oil, uranium, coal, silver all have been found in abundance, with new discoveries being reported almost every week. More than 600 new gas wells and 20 new oil wells were brought into production in the area during the past year.

The presence of natural gas has been known for years, but there was the problem of finding it in commercial quantity and of finding a market for it once it was in production. Now pipelines are shooting off in every direction. As a result, El Paso Gas Co., the major natural gas producer in the area, piped more than 400-million cu. ft. of natural gas out of the area last year.

Four Corners also has become a center for the uranium industry. Anaconda's famous Jackpile mine—probably the richest find in the U. S. to date—is producing carnotite in quantity. And there are several processing mills in the bordering states.

Silver was a major lure shortly after the Civil War, and it's still being produced, along with copper, lead, zinc, gold. In addition, there are known deposits of potash, pyrite, pumice, granite, and rhodonite. END



GREAT DAY COMING FOR THE GREAT LAKES

There's a years-old dream coming true on the U. S.-Canadian border—the St. Lawrence Seaway. It's been under construction for nearly two years, will take two more to complete at a cost of one hundred million dollars. Prime benefit of this great project will be to make Great Lakes cities—Cleveland, Toledo, Chicago, Detroit, Milwaukee, Buffalo—ocean ports. For the Seaway will permit ocean-going freighters to sail from Europe direct to these "inland" American cities.

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PRODUCTION

Rockets Are Giving Solid Fuels a Boost

The RV-A-10 rocket heading for the sky in the picture at the right is riding on solid fuel. This missile—a middleweight that measures about 20 ft. in length and 3 ft. in diameter—is the largest to burn a solid fuel.

Its successful development indicates an important angle in the military's thinking about solid propellant rockets—and this could mean a lot more business for the producers of the odd types of explosives used as solid fuels.

Up to now, solid fuels have been pretty much restricted to short-range weapons, with liquid fuels pushing the long-range missiles. Currently, missiles in the class of the RV-A-10 are liquid-powered.

• **Successful Test**—That's what makes last week's announcement by Army Ordnance that the solid-fueled RV-A-10 had passed its flight tests successfully so important. It looks as if solid propellants are ready to move into the middleweight category of missiles.

Bolstering this idea are reports, still unconfirmed, that the Ordnance Dept. intends to replace the liquid-fueled Corporal, its longest range artillery missile, with a solid propellant version called the Sergeant.

• **Powering a Rocket**—A rocket gets its power by blasting huge quantities of hot gas through a nozzle to provide forward thrust. It takes fuels that burn with explosive violence to generate the gas at the high pressures and in the large volume required. These can be either solid or liquid. The ordinary fireworks rockets that zoom through the air on the Fourth of July are kicked off by gunpowder. The German V-2 missile burned alcohol and liquid oxygen.

A rocket that uses solid fuel essentially is just a vessel that contains the fuel. A more complex mechanism is required for the liquid-fueled rocket. But you can get more thrust from the liquid fuels—and for a longer time.

The RV-A-10's solid propellant motor—with the fuel cast right inside the motor shell—was supplied by Thiokol Chemical Corp. The development of cast-in-place fuels has done much to increase the size and versatility of solid propellant rockets.

• **Rocket Boom**—Small solid-fueled rockets are well established weapons in all military services. Since the middle of World War II, rockets have been replacing artillery and big guns at a fast clip. Almost any kind of explosive warhead over 2-in. in diameter can be delivered by rocket. And virtually all the small bore jobs—below 6 in. in diameter—use solid fuels.

The larger rockets, such as the Army's Redstone ballistic missile and Nike antiaircraft rocket and intercontinental missiles use liquids. And right now there's little chance that solid fuels will encroach on rockets in this class. That's because they need the added thrust and efficiency afforded by liquid propellants. But liquid-burning rocket motors are extremely expensive and complex. So many experts believe solid fuel rockets have a big future for ballistic and guided missiles in the tactical range of less than 1,000 miles.

• **The Breakdown**—The latest tabulation of missiles and pilotless aircraft, compiled by Aviation Week, a McGraw-Hill publication, shows that three of the five missiles in operational use by the armed services are liquid propelled.

Of the seven rockets that are now in production but not yet in service, three will be solid propellant, one liquid, with details of the other three classified. There are roughly 25 more rocket-powered missiles of various sorts in the research and development stage. All of the long-range anti-missile missiles, and the intercontinental and intermediate ballistic missiles probably will be liquid powered.

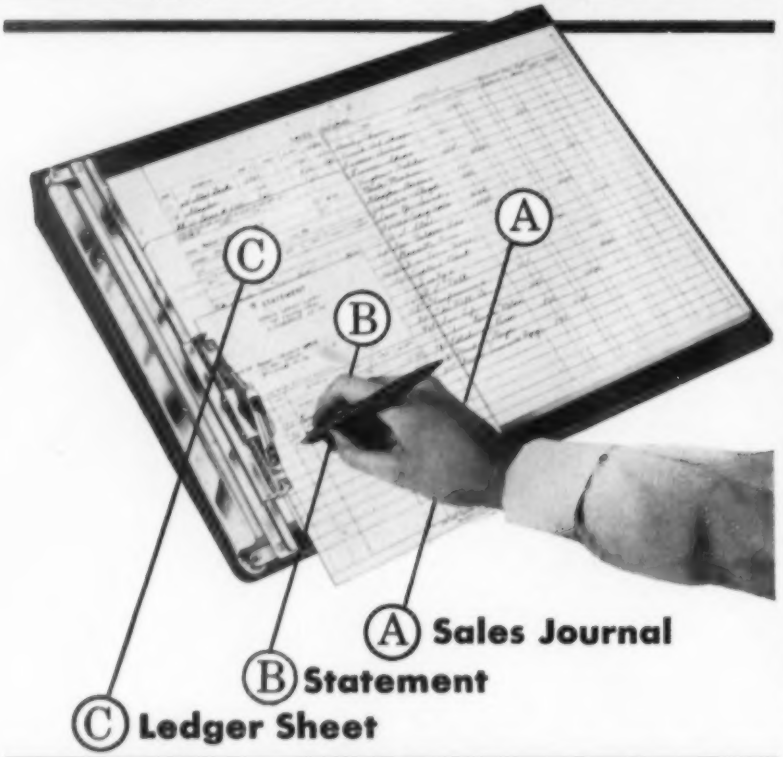
• **Basic Characteristics**—Although each specific type of rocket—liquid or solid fueled—has particular advantages and disadvantages, all rocket motors have the same basic characteristics. For one thing, they carry extremely high power for their weight. For another, they are fully independent energy sources. This means they will burn equally well in a vacuum, under water, or in the air. And rockets are most efficient when they are traveling at many times the speed of sound.

But the liquid-fueled and solid-propellant rockets separate when it comes to complexity and ruggedness.

• **Solids Are Simple**—A solid propellant rocket motor has only one part—it is a bottle full of explosives. To set it off, all you have to do is light the fuel. The result is a slow, controlled explosion, with hot gases generating fast inside the bottle. These rush out the neck or nozzle at tremendous speed, and the forward thrust attained may be in the range of 10,000 lb. Rocket



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men insist you can't translate thrust into horsepower, so they measure rocket impulse in terms of pounds-seconds—the thrust multiplied by burning time.

Small solid propellant rockets of the type used in recoilless weapons are simply aimed and fired. They travel the same path as a bullet. The larger missiles can be guided by external fins or by carbon or ceramic vanes placed in the blast stream.

• **New Fuels**—Until World War II, gunpowder or guncotton were the most commonly used propellants for solid rockets. Now many better fuels are available. Most of these are mixtures of an oxidizing agent, such as sodium nitrate or potassium chlorate, and a fuel element in the hydrocarbon family, such as asphalt or a plastic resin. Some fuels contain metal powders—zinc or aluminum—to promote hotter burning.

A few statistics show just how much the improved fuels have meant in terms of rocket power: In 1935, the best black powder rockets developed 400-lb.-sec., compared to an estimated 1-million lb.-sec. for the best 1955 solid-propellant rocket.

• **Improved Techniques**—Improvement in cast-in-place fuels has been of particular importance in increasing the size and versatility of solid-propellant rockets. The Thiokol fuel in the RV-A-10 rocket is of this type. Its main ingredient is a plastic similar to synthetic rubber. Mixed in liquid form, it is poured into the shell of the rocket motor where it hardens, forming a strong adhesive bond to the walls of the motor shell. The strong bond, plus the strength of the one-piece fuel element, are a couple of the keys opening up the way for larger sized solid fuel rockets.

The technique for molding various shaped holes down the center of solid fuels has also improved, and this means greater control of the burning rate.

Aside from simplicity, solid fuel rockets have another big factor in their favor—you don't have to handle them with kid gloves. The solid propellants are stored in the same manner as ordinary live ammunition.

• **Liquids—Complex, Delicate**—Liquid-fueled rockets are complex—and delicate. The combustion chamber for liquid propellants is much smaller in proportion to total missile size than it is for solid propellants. That's because the motor does not store the fuel it burns. To run a liquid-fueled rocket, fuel components (usually two) are fed from tanks carried in the missile body to the combustion chamber where they react, generating heat and gas. It is necessary to pump the fuel at high pressure in carefully proportioned amounts in order to maintain the violent reaction in the motor, yet keep pressures and temperatures within the physical and mechanical limits of the pressure vessel. Because



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Quick turnaround in port is the dream of every shipper involved in the movement of waterborne freight. Port Covington, WM's tidewater terminal, is designed to keep turnaround tuned to a quickstep.

Visit this vast layout of wharves, rail yards, ore loaders, grain elevators, trucking areas and a whole "complex" of modern freight-handling equipment. *It's all devoted to just one end: getting freight to—or from—ships in the fewest possible man hours, ship hours and car hours.*

Add to *time-saving* the natural advantages of the great Port of Baltimore.

See how it thrusts deep towards the Nation's heartland. Observe its mild, open climate. And consider the cooperative temper of all those with whom you come in contact in the Port.

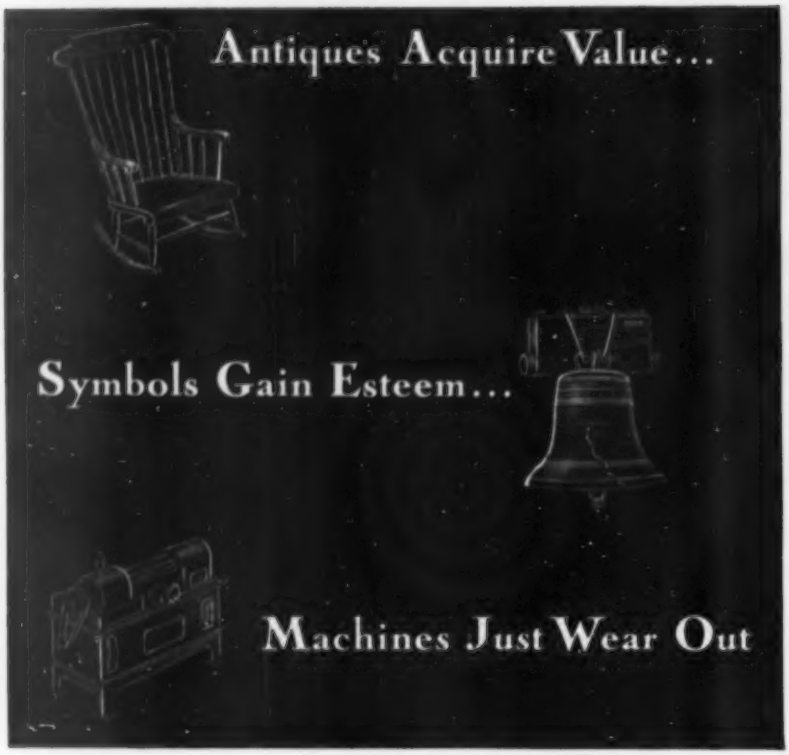
It is easy to understand why use of Western Maryland's facilities at Port Covington Terminal makes such pleasant reading on comparative cost sheets.

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Time affects different things in different ways. But the finger of Time invariably deals harshly with machine tools.

On the one hand wear and tear take their toll. On the other, technical improvements leave old machines far behind in the continuing race for more efficient production.

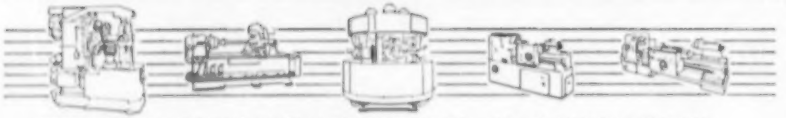
Actually *it costs money* to give an ancient machine tool floor space. Money in terms of wasted labor dollars, excessive scrap and bogged-down production schedules.

The new Model "R" 16" x 18" Heavy-Duty Hobber is typical of the many money-saving, money making Lees-Bradner Hobbing Machines that are increasing gear manufacturing efficiency in modern plants throughout the country.

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of their complex fuel systems, engineers have compared the liquid-fueled rockets to flying chemical processing plants.

• **But Powerful**—But the complexity pays off in power. All altitude records for single stage rockets are held by liquid-propelled types. The thrust of the World War II German V-2 was a respectable 56,000 lb.

Liquid rockets have another advantage. You can shut them off before the fuel is exhausted, then restart them. And because the motor is small—and almost spherical—it can be tilted, allowing easier guidance of the missile.

• **New Combinations**—There are scores of liquid fuel combinations for rockets, ranging from fairly common liquid oxygen (called LOX) and alcohol to such unusual compounds as nitrogen tetroxide. But many liquid fuels are highly toxic, explosive, and unstable. LOX cannot be stored for long, so is rather unsatisfactory for field weapons. Special clothing and precautions are required while fueling and servicing liquid-fueled rockets.

A whole new series of liquid fuels with ultra high performance characteristics are on the horizon. Called exotic fuels, some are worth their weight in gold. The exotics include lithium and boron hydrides, several chlorine and fluorine compounds. Pentaborane (B_5H_9), for example, has double the heat content of hydrocarbon fuels, could boost rocket performance considerably.

But before shifting fuels for weapon systems, logistics of supply, availability and reliability of the rarer fuels have to be well established.

PRODUCTION BRIEFS

A $100-million expansion plan is on the books for the next five years at Delaware Power & Light Co. If present trends of demand continue, DP&L will spend $45-million on electric generating equipment, $30-million for transmission lines, and the rest for new electrical substations, and for gas service.

•

The Philadelphia refinery of Gulf Oil Corp. is in for a $35-million expansion. Most of the new units will serve to expand capacity for high octane gasoline and aviation fuel. Storage facilities for butane and liquid petroleum gas will also be built.

•

Jones & Laughlin Steel Corp. has been licensed to make steel by the Brassert oxygen converter process. Kaiser Engineers, which handles the process rights in the U.S., will design and build a 300,000-ton plant at J&L's Aliquippa (Pa.) works.

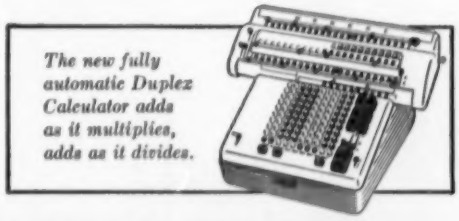


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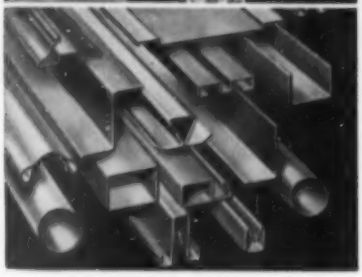
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The Yoder Book on Cold-Roll Forming contains numerous illustrations with information on the economic and mechanical possibilities of cold-roll forming, the machines and the tooling. Yoder has long been considered the leader in the design and the building of all such equipment. A copy of the book is yours for the asking.

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The rain a farmer prays for in the spring becomes a curse in the fall if it catches him with a field full of drying hay. Now, with a portable crop dryer made by New Holland Machine Co., of New Holland, Pa., the farmer can move his forage crops directly from mower to baler to barn.

The new dryers blow warm air through a green crop, removing rot-causing moisture without impairing feed value. In many cases, the farmer gets a better crop because he can harvest at just the right moment with little regard for weather. He also has better control over the moisture content of stored grains than he would have with natural drying methods.

The New Holland dryer operates on any number of crops including hay, corn, and small grains. It is portable enough to be moved quickly from one field to another, or to be used jointly by several farms.

• *Price: About $4,000 for a unit that holds 300 bu. of corn.*

A New Gauge for Coated Materials

A new thickness gauge for measuring non-magnetic materials bonded to iron or steel has been developed by General Electric's Instrument Dept. in Lynn, Mass. The unit is small enough to fit into the hand, operates on a permanent magnet, and requires no power.

Materials such as paint coatings, plating, enamels, and sheet materials such as plastics, paper, and mica can be measured quickly and with the accuracy required on assembly line checking operations. The gauge also can measure the thickness of non-magnetic materials that can be placed over a magnetic reference plate.

• **How It Works**—The operation of the instrument depends on a permanent magnet that supplies magnetic flux (the energy potentials that surround all magnets) to two contact points. The thickness of the material to be measured affects the flow of the magnetic flux and the resulting changes are recorded on a meter dial.

When the instrument is used to inspect products on an assembly line, the



THICKNESS GAUGE is being used here to check depth of enamel finish of an electric range.

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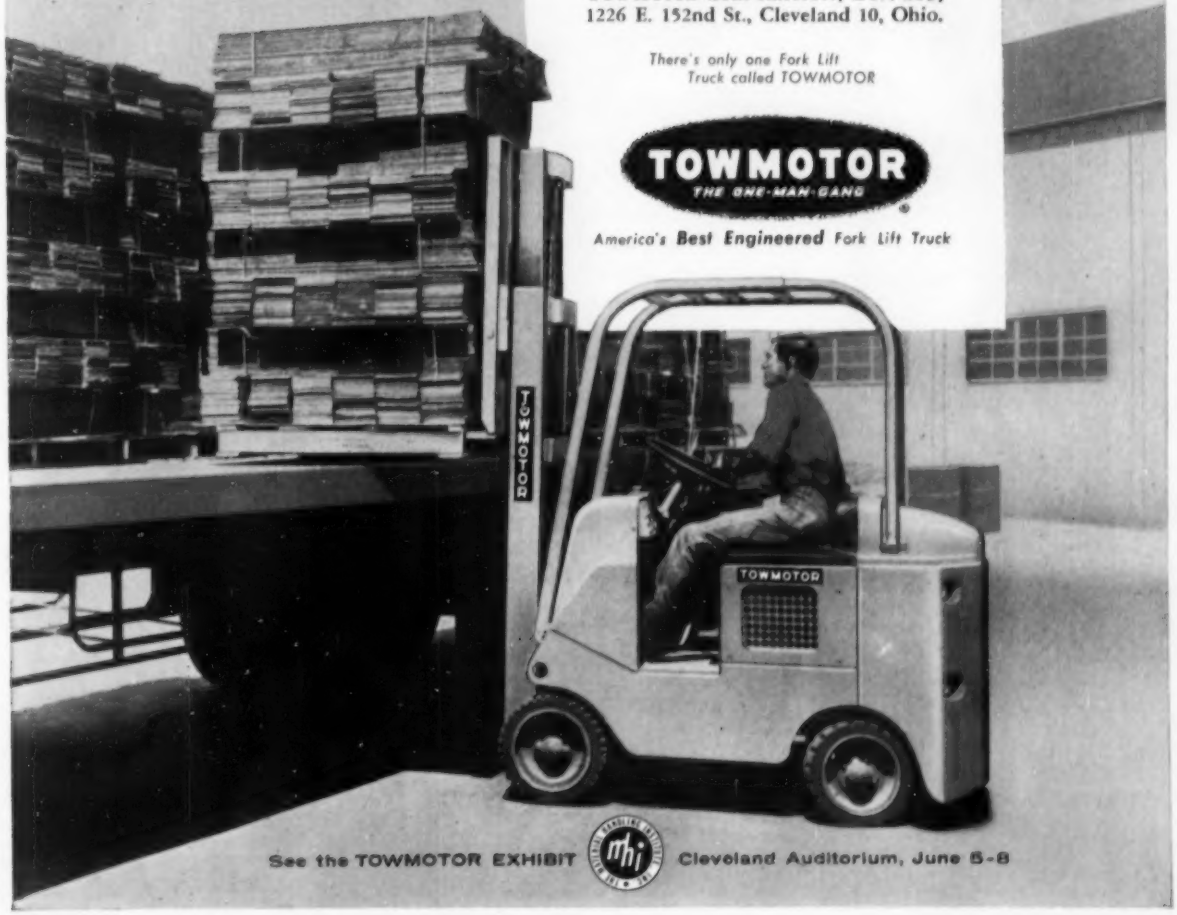
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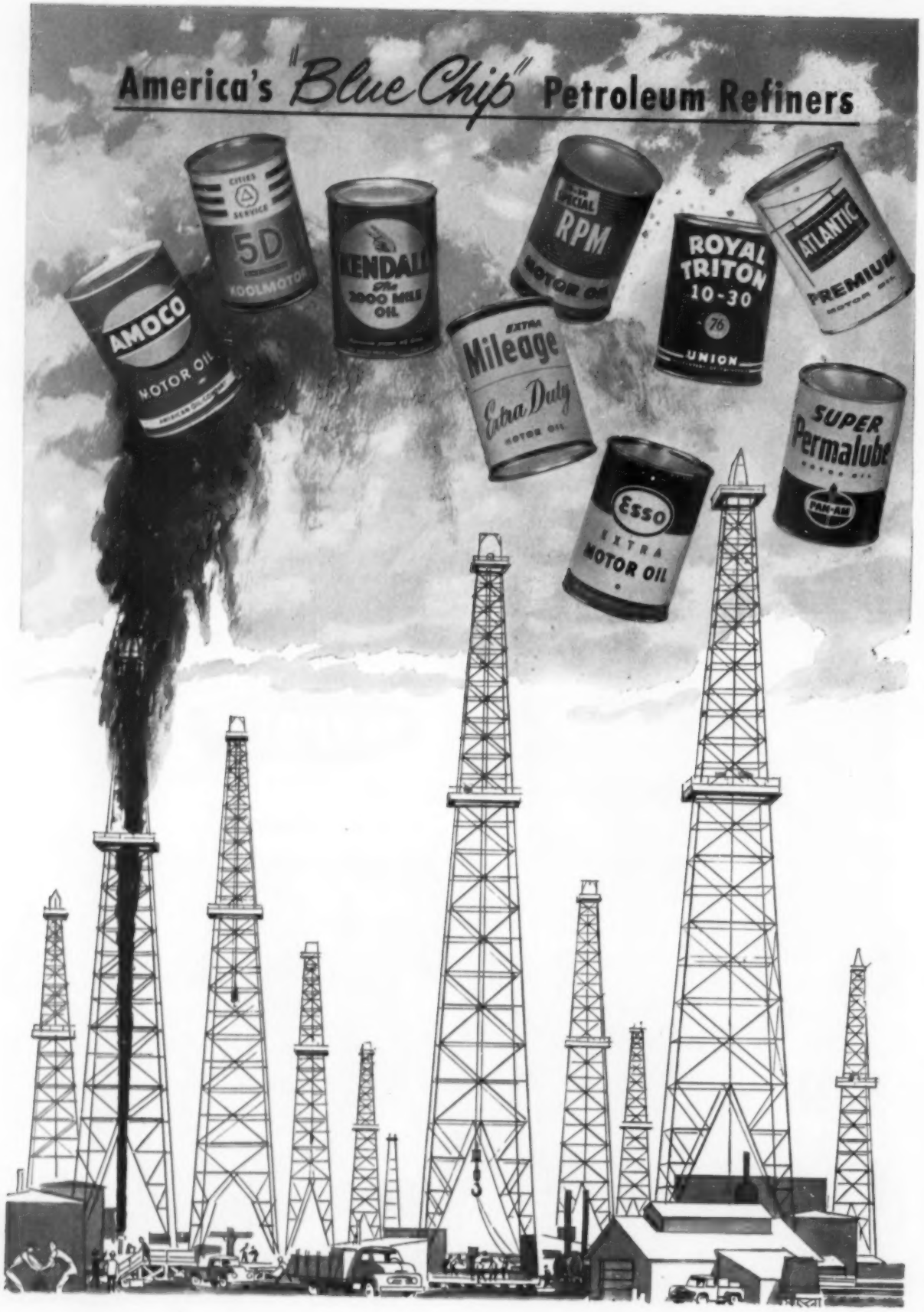
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User price for the basic unit with four thickness standards is $138.50. Ten extra standards are available that give the instrument a range from .0005 in. to .060 in.

NEW PRODUCTS BRIEFS

Integrated flight information for new commercial airliners, including jets, is the purpose of an instrument system developed by Kollsman Instrument Corp. of Elmhurst, N. Y. The new system uses conventional pressure instruments, but interconnects them through an electronic computer so that the pilot gets corrected data. In the event of power failure, the instruments operate independently.

•

A portable laboratory hood that needs no air ducts to remove dangerous fumes has been developed by Yerzley & Co., Newark, N. J. Only three outside connections are required—electricity, water, and drainage. The unit's built-in air scrubber recirculates the air in the hood about four times per minute. In many laboratories, this means that savings can be effected in air-conditioning costs. The system also neutralizes spilled acid and other waste products, preventing corrosion in drains. Price: about $2,500 for a unit with a work area of 17 in. by 32 in.

•

Foldaway drawing boards are being manufactured by Aetna Steel Products Corp., New York. The unit stays hidden in the center drawer of a desk until needed. Then it folds out, ready for use with an attached parallel rule. It is available in two sizes: 20 in. by 15 in. for $26; 26 in. by 21 in. for $31.25.

•

Transistors shrink: Philco Corp., of Philadelphia, has a new transistor that may replace the conventional "big" transistors. About 20 of the new units can fit on a dime. The device operates in the audio range and has been tested in a pencil-sized amplifier that has a power gain factor of 70 decibels. Each transistor is welded into a metal can for protection, and the units withstand accelerations of 20,000 times the force of gravity.

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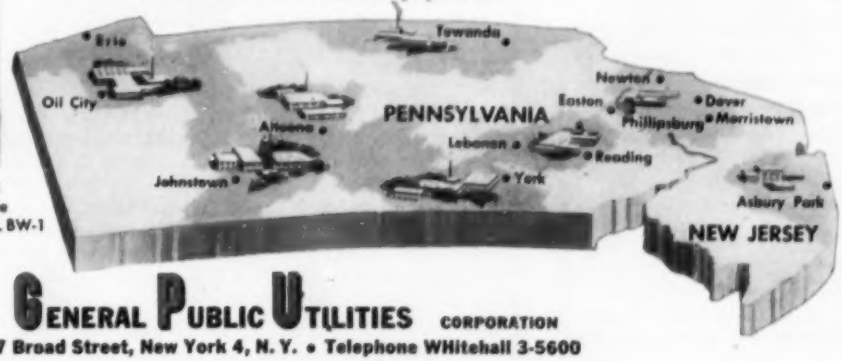
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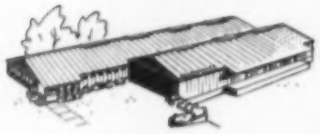
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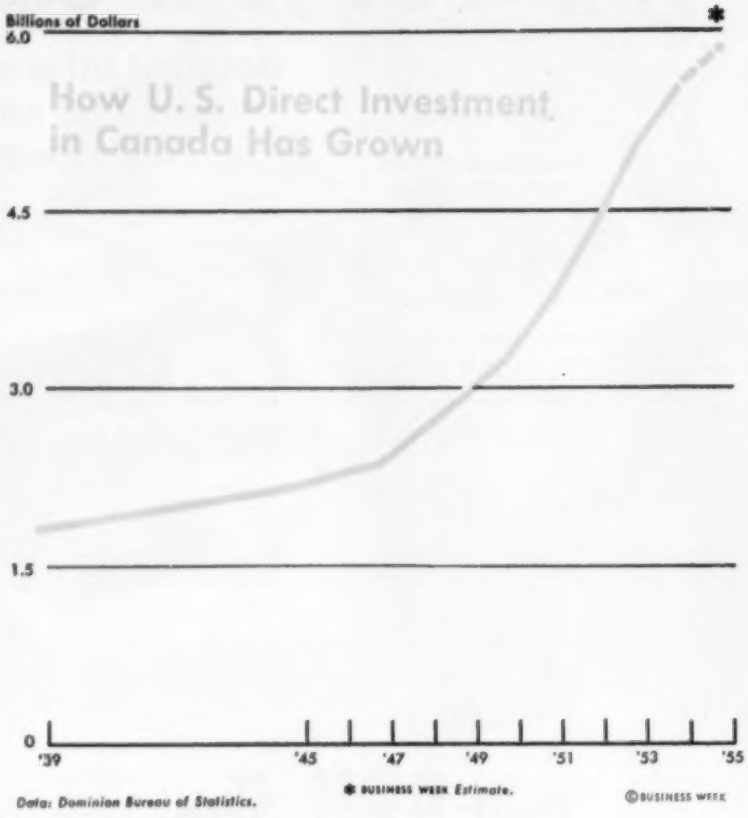
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CANADA



Data: Dominion Bureau of Statistics.

It's Making a Hot Issue

North of the border, Canadians drive the same cars, wash with the same soaps, eat the same canned goods, and flick on the same TV sets as their U.S. neighbors. U.S. supermarket chains sell groceries in Canada, U.S. mining companies recover iron ore, and U.S. oil companies provide most of Canada's production.

For the last 30 years, Canada has been drawing closer into the U.S. sphere—and investment has been a strong magnet. Of some $13-billion in long-term investment by foreigners in Canada, over $9-billion is from the U.S. And of that, $6.1-billion is direct investment by U.S. companies in Canadian subsidiaries and branches (chart). This includes reinvested profits (but it takes account only of direct investment, as distinguished from portfolio investments of U.S. firms).

You can see what the figures mean to Canada from this fact: About one-third of Canada's manufacturing industry is controlled by U.S. companies. In all, 2,700 Canadian firms are wholly owned or controlled subsidiaries of U.S. parents.

• **Kickback**—Put these figures alongside Canada's national pride and the growing nationalist sentiment in the country, and some feelings of resentment are natural. These have become more vocal in recent months.

Canadians recognize that their standard of living would not be so high if U.S. capital hadn't come in so freely. But some are beginning to wonder if this capital constitutes a threat to their sovereignty. The Royal Commission on Canada's Economic Prospects is devoting much thought to this field.

A byproduct of reaction against U.S. influence has been agitation for Canadian purchase of shares in Canadian subsidiaries of U.S. corporations. Most parent companies own 100% of their Canadian operations. Only a few—such as Standard Oil (N.J.), Ford, Celanese, du Pont, Westinghouse, Paramount, Goodyear, and Sherwin-Williams—make minority shares of the subsidiaries available to Canadians.

• **How Serious?**—Is this agitation for sharing the ownership something that can be shrugged off as nationalist extremism? Or is it something to worry

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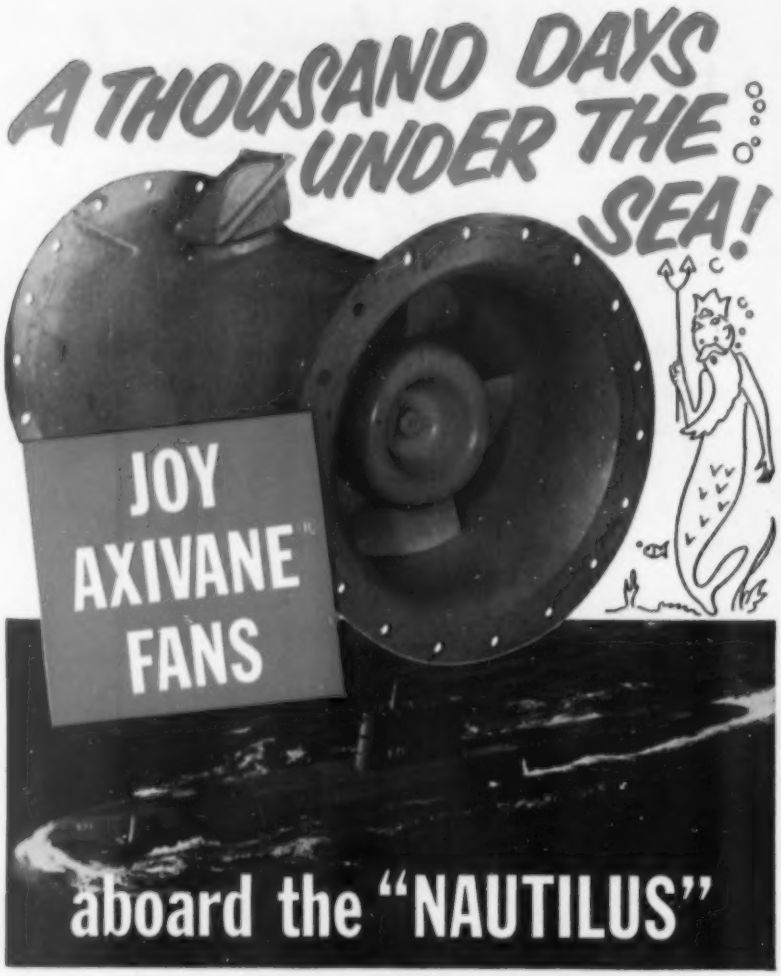
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U.S. management men in connection with their Canadian operations?

A BUSINESS WEEK check with financial and government men yields this as a fair summary of the situation:

The clamor for minority shares has been noted more for its noise than for its extent. Its influence can be exaggerated. But it can't be ignored. It has become an issue in public speeches, in articles, in briefs before the Royal Commission, in proposals for changes in tax laws affecting U.S. corporations—and it's likely to be picked up by politicians in the next elections.

• **Waves**—In the over-all picture, the minority share aspect is peanuts. But the agitation comes in waves. The current wave goes back to a group of incidents last year.

• A series of events concerning Canadian Westinghouse Co., Ltd.—including its offer to buy the 20% of its shares held by the public and the replacement of its president by a man out of Pittsburgh—brought a running fire of criticism from Ralph Blackmore, financial editor of the Toronto Globe & Mail. His final salvo: He had no objection to the Pittsburgh head so long as it was "clearly demonstrated that all the Canadians working for the firm are too dumb for the job."

• Pres. G. Edward Hall of the University of Western Ontario, noting that Canadian subsidiaries of U.S. companies were having most of their research done in the U.S., let off a volley in a Boston speech against dangers of U.S. control.

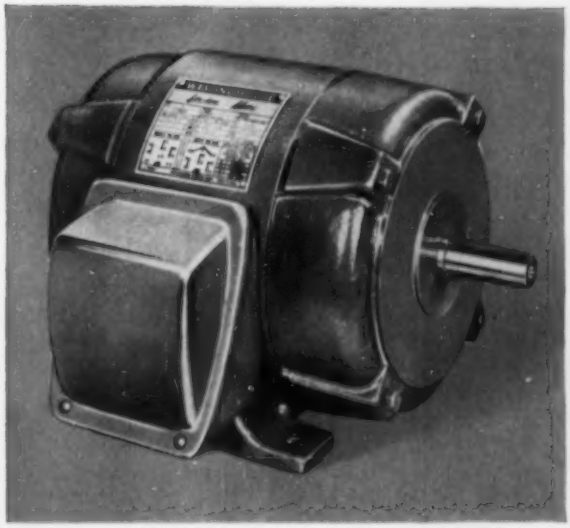
• Pres. James Stewart of the Canadian Bank of Commerce, and Pres. James Muir of the Royal Bank of Canada joined in the wave of concern.

• **What to Do**—There's no specific agreement among Canadians about what ought to be done. Around the Toronto financial community, the consensus appears to be that a company should make about 20% of its shares available in Canada. Some brokers point to Imperial Oil, Ltd., of which Jersey Standard owns about 70%. Canadians can buy its voting shares, predominate in its management.

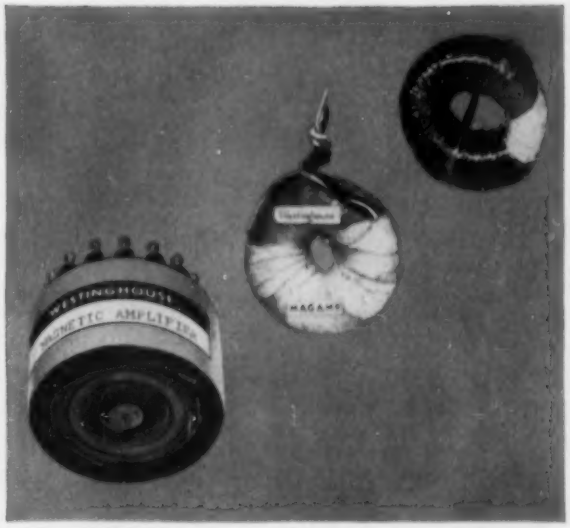
But others ask if the supply of competent management men in Canada would be enough to go around, or point out that Canadian companies doing overseas business aren't anxious for, say, French shareholders.

By tradition, too, Canadians have been buyers of bonds and debentures, not common stock. It's quite common for Canadian shares not offered in New York to drift into U.S. hands. Canadians have been criticized by their own people on this score. The Toronto Security Analysts Assn. would like to see the situation reversed—with the equity sold to Canadians and preferred stock and debt outside. END

HERE'S WHY DU PONT MYLAR® IS GOOD NEWS AT WESTINGHOUSE!



SMALLER, MORE DURABLE MOTORS. "Slot liners and phase separators made with 'Mylar' are thinner yet stronger . . . contribute to motor-size reductions," reports Westinghouse. "'Mylar' makes possible insulation with 7 times the physical strength and no reduction in dielectric strength when compared with conventional insulation—helps us obtain smaller, lighter motors that last up to 50% longer."



ELIMINATES REJECT PROBLEM. "When testing our 'Magamp' magnetic amplifiers under humid conditions, a high reject rate occurred. But when we started using 'Mylar' as the insulating material," Westinghouse engineers report, "the reject problem was completely eliminated. That's because 'Mylar' combines moisture insensitivity with high dielectric strength."

Can "MYLAR" help you develop new products . . . improve established ones?

These successful Westinghouse applications of "Mylar"* are only two examples of the way industry is taking advantage of the unique balance of properties in this tough, flexible, transparent film. Besides its contribution to the electrical-electronics field, Du Pont "Mylar" is making possible better products for manufacturers in the automotive, construction, chemical, textile, sound recording, printing, and other major industries.

Whether you make guided missiles or ladies' handbags, "Mylar" may be able to help improve performance . . . increase the over-all value of your product. For more information on properties, applications and types of "Mylar" available, send in the coupon below. Be sure to specify the application you have in mind.

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Please send your booklet (MB-4) on properties, applications, and types of "Mylar" polyester film available.

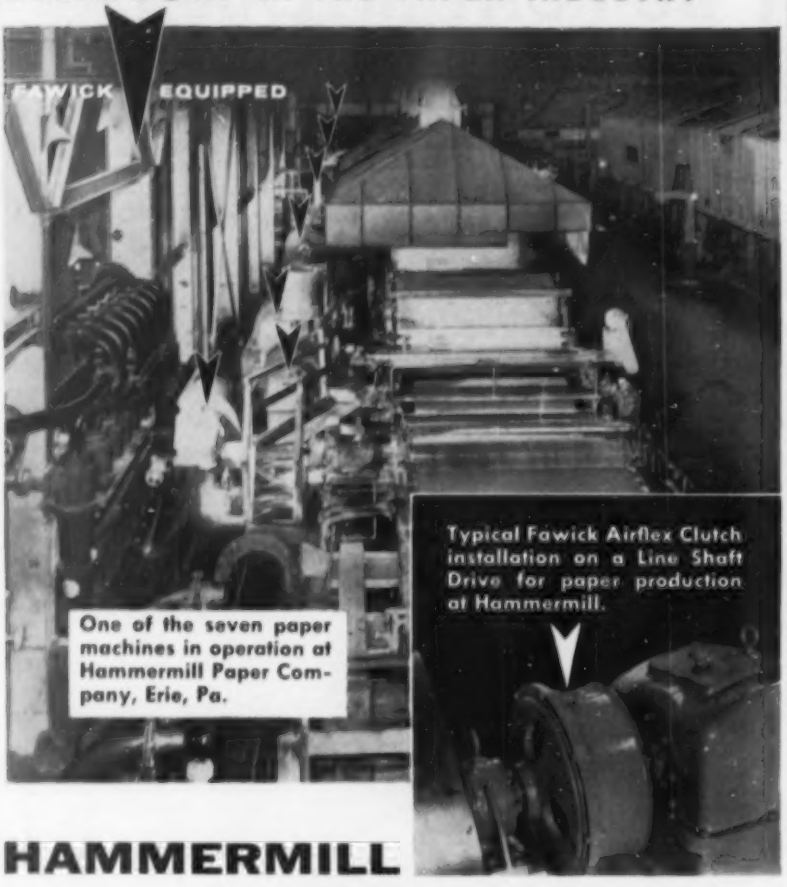
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Firm_____

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FAWICK PRODUCTS-IN-ACTION
IN THE PAPER INDUSTRY



HAMMERMILL reports: *FAWICK clutches reduce costly "downtime"*

Like production men in other industries, the paper-makers at Hammermill prefer FAWICK Airflex Clutches. The reason is simple—FAWICK Clutches require practically no maintenance, and provide the positive, smooth fingertip control so important to paper machine operation.

The outstanding performance-proved characteristics and service life of FAWICK products on all types of industrial machines have demonstrated that "*it works best when* FAWICK-EQUIPPED".

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Canada's Boom . . .

. . . gets new spur in 1956 rise in industry spending; 1955's gain in GNP made postwar record.

Canadian industry, like its counterpart in the U.S. (BW—Mar.17'56,p30) is raising its expansion sights for 1956. Trade & Commerce Minister C. D. Howe is forecasting a capital spending program of $7.5-billion for the year—an increase of 21% from last year's $6.2-billion.

This would give Canadian industry the biggest jump in spending for plant and equipment in any year since 1947. It would put Canada's 1956 expansion at almost the same proportionate level as the huge 22% leap projected by U.S. industry—though in the U.S., of course, the dollar figure is much higher, close to $35-billion. It would spur to further heights the boom that gave Canada last year its biggest postwar gain in gross national product.

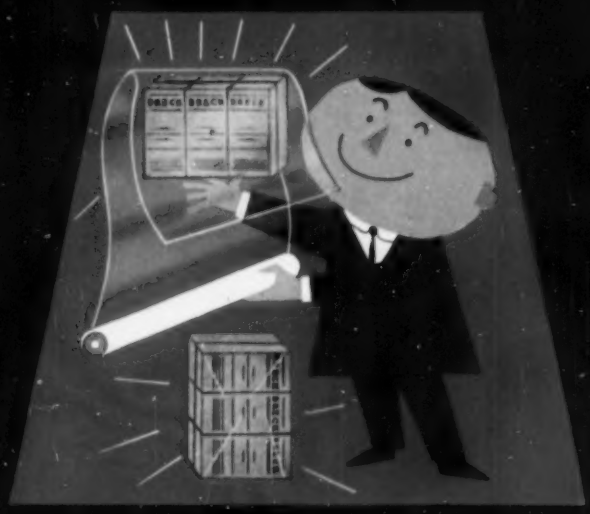
• **Tight**—In carrying out these expansion plans, Canadian manufacturers face tightness in materials and labor, as well as money. Steel and cement tightened in the latter part of 1955, and Canadian expansion isn't expected to meet demand for these products in 1956. That means greater reliance on imports. Skilled workers have been short, and the supply of construction workers is expected to get tighter. With higher interest rates money, too, is likely to get tighter and costlier.

It will take a combination of unsually favorable circumstances to permit full achievement of Canadian industry's expansion program, Howe observes. But he notes that even if the program falls short in physical terms, rising costs may tend to maintain the level of dollar outlays.

The current expansion, beginning in mid-1955, has been led by the export industries (forest and mineral products), as well as fuel and power, and transportation industries. Major demand for machinery and equipment will be for industrial and mining machinery and railway rolling stock. Construction increases will be mainly for industrial building and such heavy engineering projects as the St. Lawrence Seaway and West Coast gas pipeline.

• **Peaks**—These rosy forecasts for 1956 come on top of the strong 1955 gains that showed up when Ottawa last week totaled up the figures on last year's boom. Canada's gross national product for 1955 added up to $26.6-billion—or $2.5-billion above the 1954 total. That 10% annual gain hadn't been reached by Canada in any previous post-







ANOTHER PACKAGING "NATURAL" FOR AVISCO* CELLOPHANE

Bundling saves handling, speeds sales

Suppose you manufacture a packaged retail item. En route from warehouse to distributor to retail shelf your product must be counted, handled, and rehandled often. Yet too many handlings waste time, often mar its appearance. Is there a remedy?

John H. Breck, Inc., found the answer by "bundling" six-in-one with strong, heavy-duty Avisco Cellophane. Protected and beautified, this compact multiple unit is easier to pack, ship and display.

And there is no searching for a bundling wrapper label to see what's inside. With cellophane, products are identified instantly throughout the entire distribution process.

This is just one of hundreds of Avisco Cellophane packaging ideas that *move merchandise*. Perhaps Avisco Cellophane could help speed and simplify the sales and distribution of your product. Superb Avisco research, production and marketing facilities are at your service.

Just drop us a line or give us a call. We'd be so pleased to help you GROW WITH AVISCO Cellophane. American Viscose Corporation, Film Division, 1617 Pennsylvania Boulevard, Philadelphia 3, Pa.

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Advertising goes

When, for seven consecutive years, one business-management magazine carries more total pages of advertising than any other general-consumer, general-business, or news magazine . . .

. . . you might almost suspect that this is where you advertise when you want to influence management men.

HERE IS THE RECORD OF TOTAL ADVERTISING PAGES 1955

THE TOP 10 MAGAZINES IN AMERICA*

	TOTAL ADVERTISING PAGES
BUSINESS WEEK	**5,663**
NEW YORKER	4,529
LIFE	4,398
SATURDAY EVENING POST	3,687
TIME	3,302
U. S. NEWS & WORLD REPORT	3,021
NEWSWEEK	2,954
VOGUE	1,709
POPULAR MECHANICS	1,655
FORTUNE	1,638

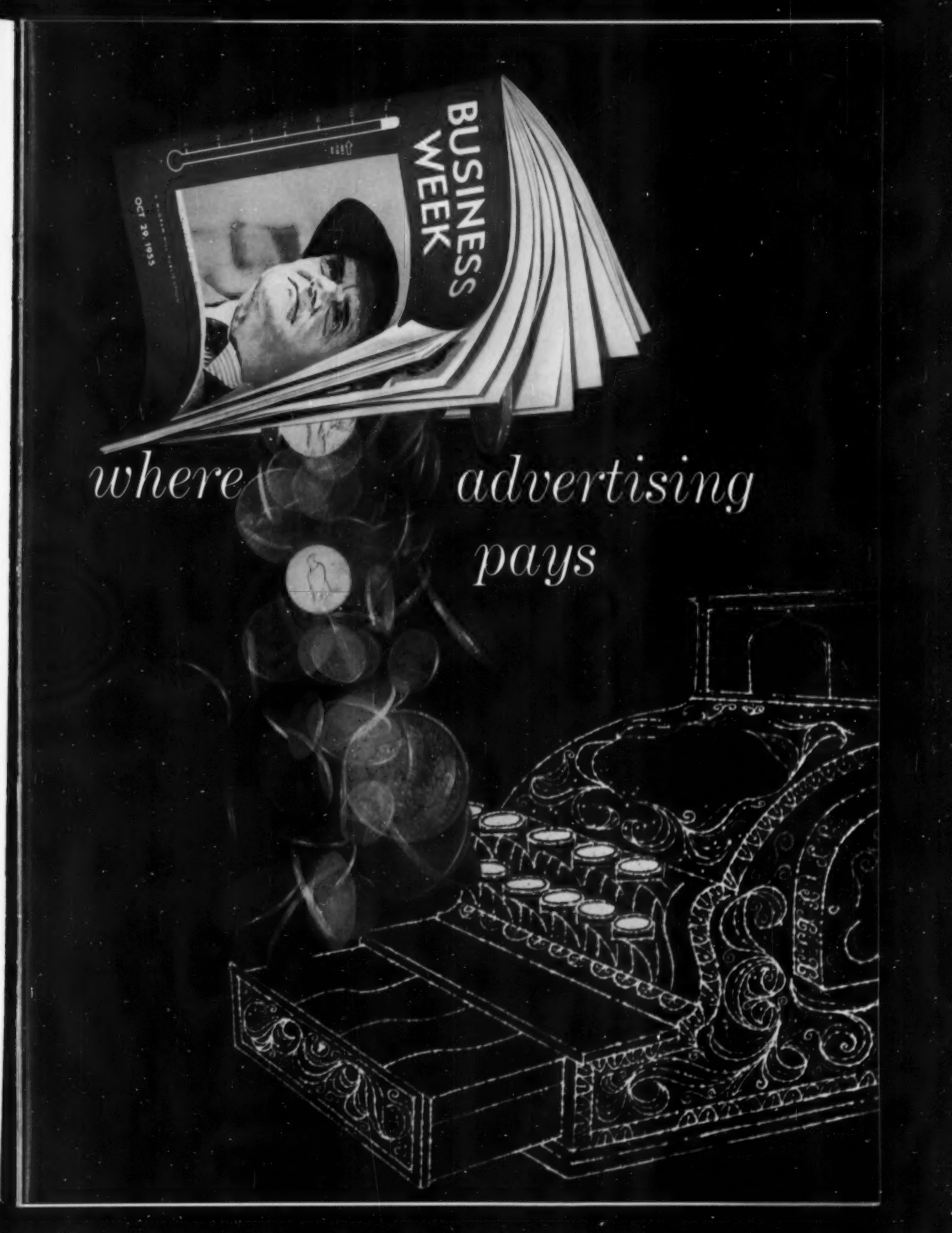
This record of advertising achievement is the result of Business Week's ability to deliver your advertising to the men who initiate, specify and approve buying action . . . management men. And, Business Week reaches a higher concentration of management men—at lower cost—than any other magazine in its field.

Business Week

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BUSINESS WEEK
OCT 26 1935
where advertising pays

*"That's what we need - a drum that sells like a poster!"**



Puritan Chemical Company decided long ago to stop keeping their shipments a secret—to let their products advertise themselves wherever they went or waited.

And like hundreds of other companies who make their shipping containers do double duty, Puritan talked to Rheem about Rheemcote Poster Drums—and soon had them in service.

In Puritan's own words, their drums "are a dignified and constant reminder to the customer that the materials they are using come from Puritan; stimulate re-orders by serving as conspicuous point-of-purchase ads; and serve as advertising posters to all who see them." In short—*"we are completely sold on our drum."*

Maybe *you* have a product you'd like to take out of hiding by shipping it in your own Rheemcote Poster Drum—in any design, in any number of colors, for only pennies more per drum.

For details, call our nearest office. Or write to Rheem Mfg. Company, 477 Madison Ave., New York 22, N. Y.

YOU CAN RELY ON

Rheem

WORLD'S LARGEST MANUFACTURER OF STEEL SHIPPING CONTAINERS

"He's just spotted another

Rheemcote® Lithographed Poster Drum

RICHMOND AND SOUTH GATE, CALIF., HOUSTON, CHICAGO, NEW YORK, NEW ORLEANS, LINDEN, N. J., AND SPARROWS POINT, MD.

war year. It's ahead even of the U.S. gain of 7.5% in GNP in 1955.

An even stronger indication: In the fourth quarter of 1955, the Canadian economy was running at the annual rate of $27.4-billion. That tops by 11% 1953's peak third quarter.

• **Steam**—As in the U.S., the steam for the 1955 boom came mainly from consumer spending, which in Canada was up by $1-billion for the year, with the major advance for durables. Add to this a $300-million (25%) gain in residential construction, and you have accounted for more than half of Canada's 1955 increase in GNP.

In contrast to the U.S., where government expenditures were down $1.1-million, in Canada government expenditures at all levels rose $300-million.

• **Trade**—The only gloom in the rosy picture comes from the growing trade deficit. The surge in Canadian business activity in 1955's second half expanded imports more rapidly than exports; that's traditional when Canadian capital spending booms. But the country did not have an adequate capital inflow to pay for the goods.

For the first time in recent years, Canada had a current account deficit greater than the net inflow from direct investment, portfolio security transactions, and amortization of official loans. Official gold and dollar reserves dropped slightly, against a 1954 rise.

The trade deficit continued into January, reaching $38.7-million for the month, against a $3.5-million favorable balance the previous January. The deficit with the U.S. grew to $77.9-million from the $44.9-million figure a year earlier.

CANADA BRIEFS

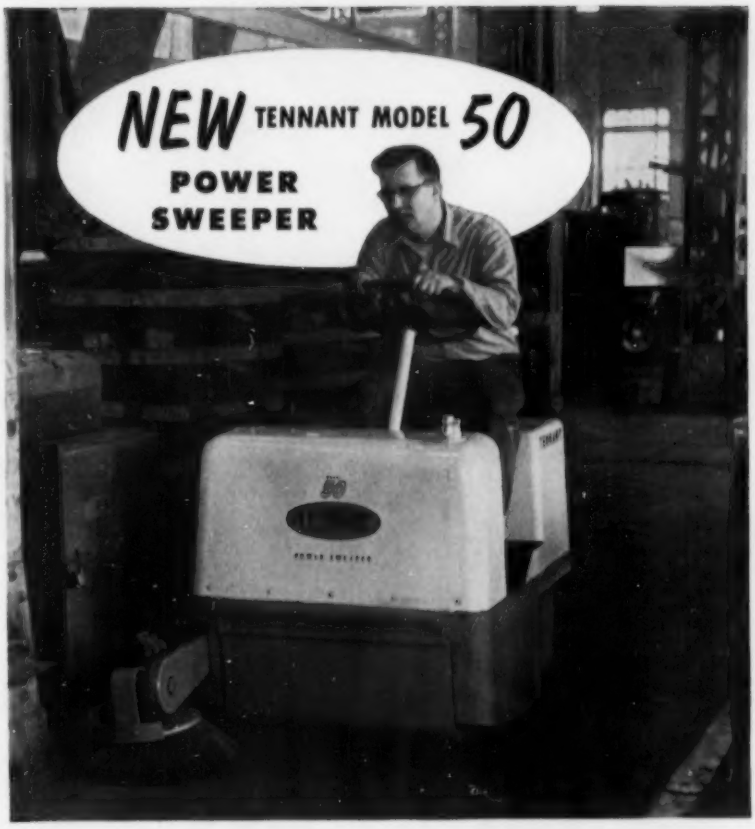
Popular turboprops: In their first nine months of operation, the turboprop Vickers Viscounts of government-owned Trans-Canada Air Lines (first line in North America to fly them) had a passenger load factor of over 80%. Trans-Canada's operating revenues in 1955 were up $8.6-million, but net income was down almost $300,000.

•

Railway earnings reflected Canada's 1955 prosperity. Government-owned Canadian National Rys. reports a surplus of $10.7-million, against a $28.8-million deficit in 1954. Canadian Pacific Ry. Co.'s net income rose to $44-million from $29.8-million in 1954.

•

More Canadian crude oil is going to California. A Richfield Oil Corp. Tanker picked up 90,000 bbl. early this week from the Trans Mountain Oil Pipe Line Co. dock in Vancouver. First shipments were in January.



New 28" cost-saving sweeper for congested areas...

does a 3 hour sweeping job in about 24 minutes

Sweeping 3 to 7 times faster than is possible by hand, this new TENNANT Model 50 Sweeper offers an important new advantage—it *brings low-cost mechanized sweeping to both the congested and open areas.*

Its special compact design and easy maneuverability, for example, make it possible to do a 3-hour handsweeping job in 24 minutes as a rule . . . and do far cleaner work.

Pays for itself in a few months

As it travels down an aisle at 1½ to 8 mph, the sweeper's powerful *vacuum*-enclosed brush cleans a 28" path (40" with sidebrush). Does an excellent job; removes dust and dirt pushbrooms can't reach. *WRITE for details; sweeper is MODERATELY PRICED.*



SPACE-SAVING DESIGN saves time in congested traffic areas. Note efficient flush-with-wall operation.

The "Model 50" has auto-type controls, handles easily. Picks up chips, sand, debris, spillage, dust, and dirt.

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TENNANT POWER SWEEPERS

SPECIALIZED MAINTENANCE EQUIPMENT

POWER SWEEPERS • FLOOR MACHINES • SCARIFIERS • ROOF SCRAPERS • CONCRETE ROUTERS



Armstrong adhesive bonds pre-shaped laminate instantly, permanently

A remarkable Armstrong adhesive—D-253—enables you to bond pre-shaped plastic laminate to steel at the drop of a press. You can make counter tops, for example, without time-consuming curing—or expensive jigs, clamps, or ovens.

The process is simple. After the laminate and steel are cut to exact size, spray them with D-253. Dry the pieces with heat lamps (a matter of minutes) and assemble them in your press. Close the press—and the plastic and steel are joined instantly and permanently. The counter top is ready to be cut, assembled, or shipped immediately.

You can also use Armstrong D-253 for fast, economical lamination of aluminum, fiberboard, asbestos board, plywood, and many other materials. For more information on this versatile adhesive, write for a copy of our Adhesives Manual. It's free to industrial users. Address Armstrong Cork Company, Industrial Division, 8003 Indian Road, Lancaster, Pennsylvania. In Canada, 6911 Decarie Boulevard, Montreal.

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ADHESIVES • COATINGS • SEALERS

. . . used wherever performance counts





And Big Board Stumps for More

Primed by a booming economy and a bull market, the New York Stock Exchange added 30 new names to its role of listed corporations in 1955. This was the biggest year-to-year gain in the postwar decade, and it brought the total of new faces added in the 10 years to 282 (chart). The biggest one-year gain came right after the war, in 1946, when the Big Board added 57 new names.

• **On—and Off**—Despite the 282 new listings since 1946, there has been a net gain of only about 125 issuers on the Exchange. Mergers have knocked many off or, as in the case of Sperry and Remington Rand, made one listing where there had been two.

Last year, despite the addition of 30 new corporations, there were the same number of total issuers at yearend as on the previous Dec. 31—the new listings were balanced by 30 companies that dropped from the rolls. Today, there are about 1,090 companies with stocks or bonds listed on the Big Board, compared to 962 at the end of 1946.

Another reason for the dropping of names is that the Exchange has been busy pruning its list of issuers. Last year it took delisting action against five companies—in four of the cases, for not measuring up to recently set standards for continued listing (BW—Oct.29'55, p138).

• **Keeping Up With the Bulls**—One of the major determinants of how many new corporations seek listing is how strong the stock market is at the time.

This wasn't so true in the bull market years of 1951-1954, largely because of the widespread merger movement that absorbed many corporations big enough and in all respects eligible for Big Board listing before they got around to it.

• **Active Hunt**—Another reason for the upswing in new original listings undoubtedly was the formation in February of last year of a special new listing section within the framework of the Big Board's Dept. of Stock List. The



REFINERY GIANTS

built by Chicago Bridge & Iron Company

CB&I's refinery giants, like this complex Houdriflow unit, meet the eye on almost every horizon . . . as do Hortonspheres®, Hortonspheroids® and other Horton® specialized steel plate structures built for broad industrial service.

Four strategically located plants with *complete* facilities enable CB&I to design, fabricate and erect steel plate structures that meet the most exacting requirements. When *you* plan, plan with CB&I. Write our nearest offices for complete information.

Tanks and steel plate work for Municipalities, Aircraft, Chemical Process, Petroleum and Pulp and Paper Industries . . . and Industry at large.

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Plants in BIRMINGHAM, CHICAGO, SALT LAKE CITY and GREENVILLE, PA.

Exchange has always solicited eligible corporations for listing, but for years this was done on a rather informal, haphazard basis, largely by high-ranking Exchange officers themselves and by representatives of Big Board member firms, as well as the Dept. of Stock List.

Through the postwar years, as the number of corporations eligible for listing grew, stock list members found themselves devoting more and more time to keeping track of unlisted firms that might be listed. By 1954, the number had grown to 170 unlisted corporations that met the requirements.

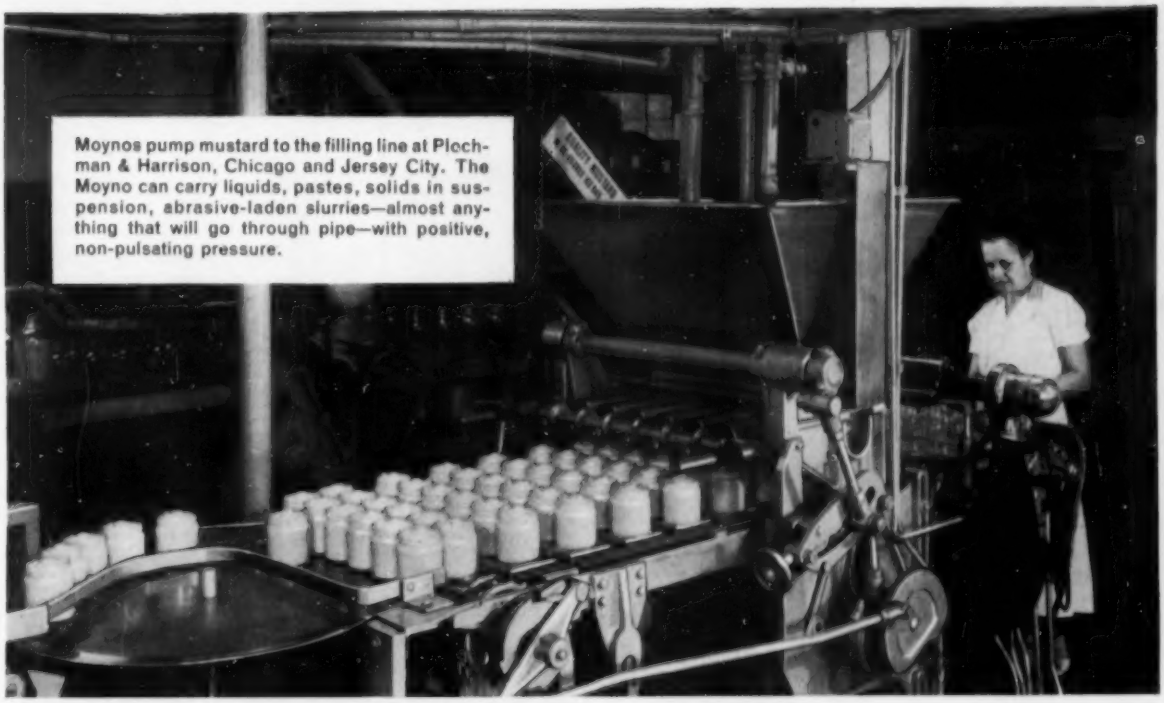
• **What's Required**—Today, the special three-man section for soliciting new listings on the Exchange is working on a total of 300 corporations that meet the "mathematical requirements" for new listing (more stringent than those for continued listing). That is, they have "demonstrated earning power, under competitive conditions" of at least $1-million annually, have net tangible assets of at least $7-million, and, more important, have common stock outstanding with an aggregate market value of at least $7-million. Also, the Exchange wants the company to have outstanding at least 300,000 shares of common "exclusive of concentrated or family holdings"—and those shares must be spread among at least 1,500 holders. The Exchange stresses that most of these holders should hold at least a round lot (100 shares) of common.

These are the rules of thumb for listing, but just because a company meets all these requirements it isn't necessarily listed. Over three times as many companies are turned down on a listing as are finally accepted. And the Exchange keeps its listing requirements general to fit different corporate situations.

• **Little Board's Gains**—On the "Little Board," the American Stock Exchange, 68 companies were approved for listing last year, which was just about the best year for new listings since 1937. The old Curb's requirements for listing aren't so strict as the Big Board's—assets must be at least $1-million in most cases, but many mining and exploration companies are listed that have no earnings whatever. The American Exchange generally wants 100,000 shares held by at least 500 holders.

There is some resentment at the American Exchange about "poaching" by the Big Board on top companies listed there. The Big Board has long garnered the Amex's top names after they have been seasoned up on the smaller exchange.

• **Advantages**—You wouldn't think the nation's No. 1 stock exchange would have much trouble convincing eligible corporations to list their stock. The arguments for listing are fairly obvious—the publicity and prestige value of being on the Big Board, and a continuous



Moynos pump mustard to the filling line at Plochman & Harrison, Chicago and Jersey City. The Moyno can carry liquids, pastes, solids in suspension, abrasive-laden slurries—almost anything that will go through pipe—with positive, non-pulsating pressure.

Mustard Mill Changes to MOYNO® Pumps to Get Positive Displacement, Longer Pump Life

A Moyno Pump installation at Plochman & Harrison, makers of the famous Premium Brand Mustard, illustrates the outstanding performance of the Moyno Pump. They have been pumping mustard to a filling line with the Moyno for over two years without a single replacement of parts. They are replacing other pumps with Moynos.

The mustard is pumped as a semi-solid. In addition, it has both an acid and an abrasive content which causes other pumps to wear out in a few months. Moynos handle a wide variety of products that are not pumpable with other types of pumps. These include potato salad, chow mein, fruit, acid, alkalis, pastes, abrasive slurries, paints, tar, cement, plaster, many others.

The Moyno has a unique rotor and stator arrangement which forms sealed progressing cavities that move the material, providing positive displacement. For this mustard handling job parts were made of stainless steel to assure trouble-free service and long pump life. Rotor and stator are available in other alloys, or plastic compositions.

Note the outstanding features of the Moyno shown at the right. Perhaps your pumping problems can be solved with the Moyno. Write us today! Ask for a free copy of Bulletin 30-BW. It will give you complete facts!

Features of the MOYNO that may solve YOUR pumping problem

Gentle: no churning; won't break up semi-solids . . . won't aerate liquids. May be used for metering.



Reversible: pumps with equal efficiency in either direction.

Trouble Free: self priming; won't cavitate or vapor-lock. Just one moving part—no valves to stick, no pistons to gum up. Built for tough service. Easy to maintain.

Positive Displacement: Moynos are available to pull up to a 29" vacuum while discharging under pressure. Big Moynos deliver up to 500 g.p.m. Pressures to 600 p.s.i. plus are available.

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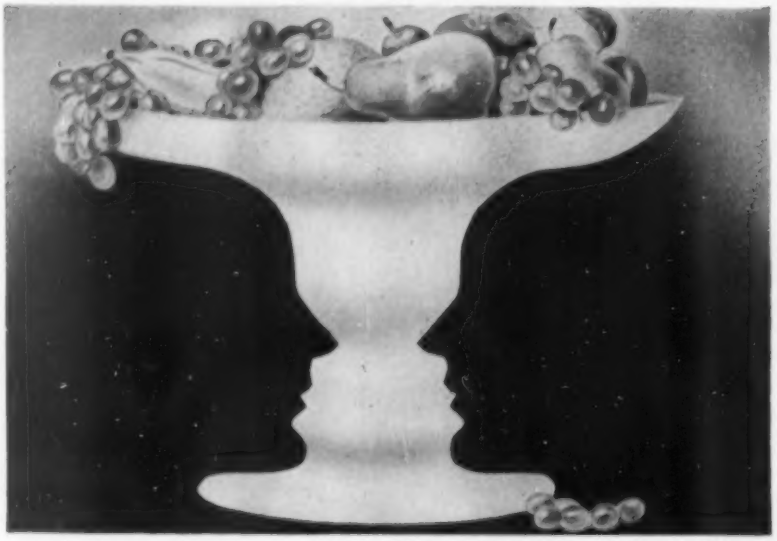
Large and Small Moyno Pumps



Propellair Industrial Ventilating Equipment

What do you see*...

A vase or two profiles?



The two profiles facing each other are the sides of the vase.

Like this illustration, successful problem solving in business begins with an attempt to see the problem in different ways, thereby bringing it into focus.

Today, the continuous recognition of problems, *and their steady solution,* is the life blood of a healthy business. Therefore, it is important that you have flexibility of perception, that you see your product, business and technical problems from more than one point of view.

Research and technology can provide new approaches to your problems. And by helping you see new viewpoints to old problems, they can be the principal means by which you can keep your product line competitive.

**For an explanation, write for our booklet on "Problem Solving—The Businessman's Guide to Seeing Alternatives."*

•

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market for the company's securities with a narrow spread between bid and asked prices, thus giving the investing public as firm an idea as possible of what price the stock sells for.

Also, Big Board listing ordinarily makes it easier for the company to float new securities issues.

• **Bashful**—Given these and other advantages, you might wonder why any company would shy away from Big Board listing. But some do. Perhaps the largest industries that shun the exchanges are banking and insurance. In both cases the reason is basically the same—these institutions don't like to have daily fluctuations of their securities spread before depositors and policyholders on the widely read newspaper pages of Big Board quotations.

The Exchange would like very much to have some top-grade bank and insurance equities (Corn Exchange Bank stock traded for some years, but was removed from listing following its merger with Chemical Bank & Trust in 1954). The Big Board plans to direct its attentions to that sector as part of its solicitation effort.

Besides banks and insurance companies, there are plenty of good-sized manufacturing concerns that are unlisted and seem to want to stay that way. Of the 300 companies eligible but unlisted, the Exchange estimates that around 20 to 30 have earnings over $5-million a year, and over 1-million shares held by at least 5,000 shareholders. Another 50 companies have earnings of $2-million a year, with at least 600,000 shares and 2,000 holders.

• **Top Hold-Out**—Probably the best known of all unlisted companies is giant Weyerhaeuser Timber Co. Last year, Weyerhaeuser had sales of $316.7-million, netted $49.2-million. Assets total $373.7-million, and the company has nearly 25-million shares of stock outstanding. Yet this "top name" spurns listing.

One big reason is that Weyerhaeuser is perfectly satisfied with its market over-the-counter. The company points out that it has never made a public distribution of stock, and has had no need to raise equity capital externally.

Weyerhaeuser adds another reason that may well be the big one: "We save ourselves a whale of a lot of work in reports to the Exchange and to the Securities & Exchange Commission by not being listed." There is also the matter of listing fees, which for initial listing would cost Weyerhaeuser around $70,000.

• **Wooed in Vain**—The amount of paperwork involved in reports required by the Exchange and SEC under the Securities Exchange Act of 1934 is a big deterrent for a lot of eligible companies. Connecticut Light & Power, for instance, has been wooed by the

how was Burlington's 10-Fold Growth Financed?



KIDDER, PEABODY & CO.
As Representatives

NO. 5286
NEW YORK, N. Y.

PAY TO THE ORDER OF BURLINGTON INDUSTRIES ..... $ 29,512,000.00

TWENTY-NINE MILLION, FIVE HUNDRED TWELVE THOUSAND AND 00/100 DOLLARS

by Kidder, Peabody & Co.

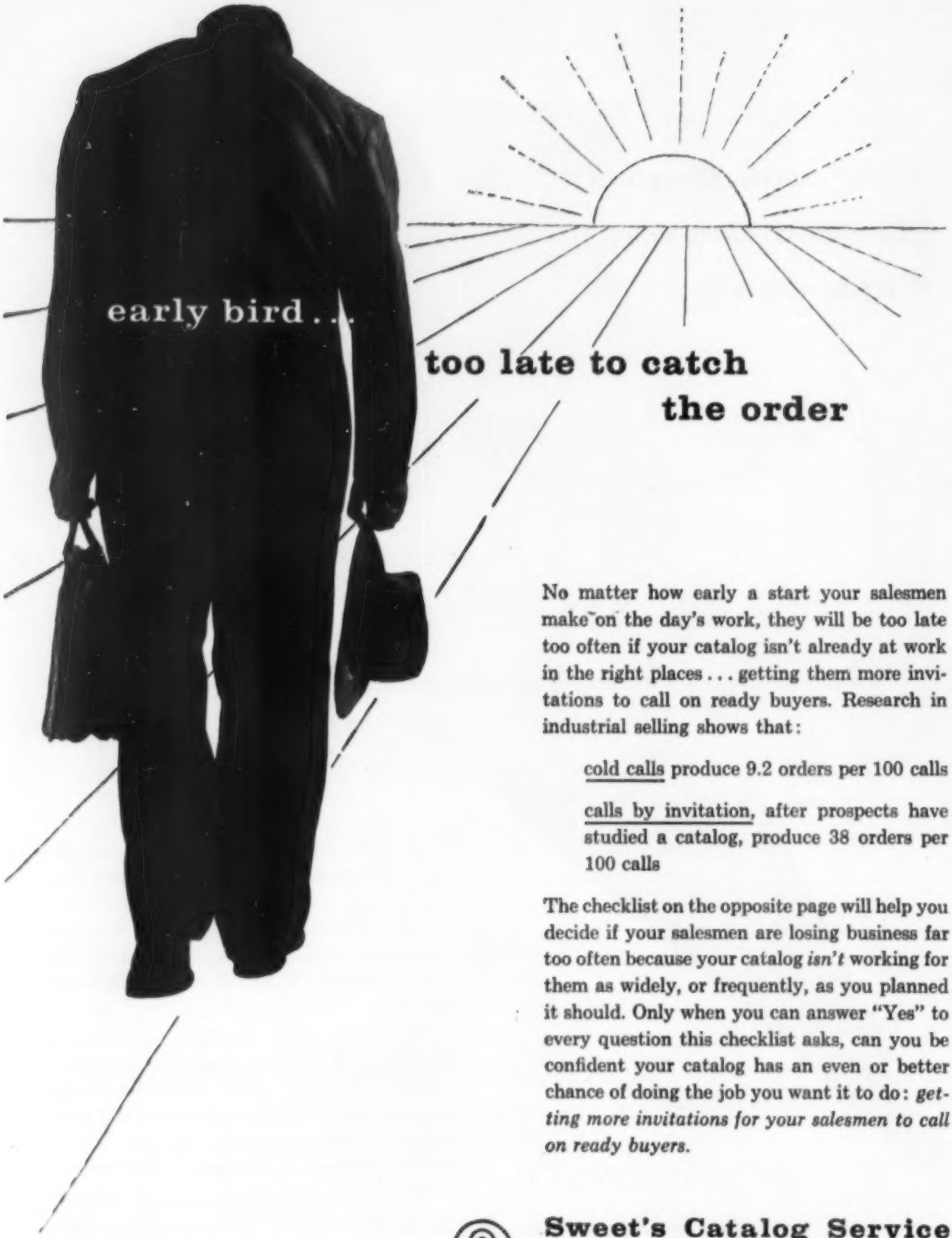
Since 1945, Burlington Industries has multiplied its fixed assets, figured at cost, more than ten times.

This dramatic expansion was financed partly out of earnings, partly by borrowing from banks, and partly by issuing additional securities.

The most recent securities issued were $30,000,000 of Subordinated Debentures, offered in October, 1955. These debentures, together with a long-term note issue and three issues of Preferred Stock, brought in new money totalling approximately $90,500,000.

These issues were either placed privately by Kidder, Peabody & Co., acting as Agent, or were offered to the investing public by an underwriting group headed by Kidder, Peabody & Co.

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Members New York and American Stock Exchanges
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too late to catch the order

No matter how early a start your salesmen make on the day's work, they will be too late too often if your catalog isn't already at work in the right places . . . getting them more invitations to call on ready buyers. Research in industrial selling shows that:

cold calls produce 9.2 orders per 100 calls

calls by invitation, after prospects have studied a catalog, produce 38 orders per 100 calls

The checklist on the opposite page will help you decide if your salesmen are losing business far too often because your catalog *isn't* working for them as widely, or frequently, as you planned it should. Only when you can answer "Yes" to every question this checklist asks, can you be confident your catalog has an even or better chance of doing the job you want it to do: *getting more invitations for your salesmen to call on ready buyers.*

Sweet's Catalog Service
a division of F. W. Dodge Corporation
119 West 40th Street, New York 18, N.Y.

How effective is your catalog procedure?

Careful answers to these questions will tell you. A "no" to any one of them is good reason to review your entire catalog program.

1. Do you have a tested system for making sure your catalog reaches the important buying influences for your products...in the companies with volume buying power?

yes ☐ **no** ☐

(Sweet's market-specialized Catalog Files are distributed to the companies that have over 80% of the total buying power in the industries these Files serve. Individuals who receive them are continually checked for their buying influence.)

2. Does your present system provide for the immediate distribution of your catalog to every good, new company that comes into your market?

yes ☐ **no** ☐

(With daily access to Dodge reports on new plant construction, plus continuing market analysis and field research by its distribution staff, Sweet's spots potential new sources of business immediately; distributes appropriate Catalog Files to them as soon as their buying power is known and qualifies them.)

3. Do you know how many of the men who have received your catalog have kept it, and have filing systems which make it easy for them to find and use it?

yes ☐ **no** ☐

(Catalogs bound, indexed, and distributed in a Sweet's File are always easy to find, cannot be misfiled or lost.)

4. When your customers and prospects want to compare products, preparatory to calling in possible suppliers, does your system make it reasonably certain that your catalog can't be overlooked?

yes ☐ **no** ☐

(Sweet's binds the catalogs of comparable products next to each other, indexes each one for easy reference. This minimizes the chances that any suitable product cataloged in a Sweet's File will be overlooked when ready buyers are searching for the answer to a need.)

5. Are you sure that all of your important customers and prospects have your current catalog?

yes ☐ **no** ☐

(Sweet's distributes *new* Catalog Files each year. Every user of a Sweet's File is therefore certain that each catalog bound into his Sweet's File provides him with the up-to-date and correct buying data upon which he can rely.)

6. Has your catalog been prepared to give your customers and prospects exactly the kind of buying information about your products that they should have...and will it logically lead them to take the next buying action you want them to take: call in your salesman or distributor; write to you; or specify your product?

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Big Board since 1929, but is still unlisted.

One of its reasons is typical of many smaller utilities: "Our equity market is largely local—72% of our shares are held by Connecticut residents—so we don't feel the need of the New York auction market."

But its biggest reason for not listing is that "We can't see any reason to get involved in SEC reports, questionnaires, filing and listing costs."

• **Figures, and More Figures**—The amount of information to be provided for listing, besides the necessity of quarterly operating reports and detailed proxy material, sometimes causes even the most hard-working corporate treasurers to boggle. Often, as with Ford Motor Co. stock, a prospectus prepared for a securities of offering will cover most of the ground, but besides that there must be detailed data on distribution of stock, and a lengthy recital of concurrence with all Big Board and SEC regulations.

• **Drive**—Despite the resistance offered by many corporations, the Exchange plans to push ahead with its soliciting program.

The Exchange may get an assist from Congress on its listing drive if the bill of Sen. J. William Fulbright (D-Ark.) to make unlisted companies subject to Exchange rules goes through (BW—Jan. 21'56,p78). Should his bill pass Congress—where there is some opposition to it—unlisted companies might feel the advantages of listing more keenly, as the amount of paperwork would then be the same for them, whether listed or not.

A Full-Scale Retailer Now

Philadelphia National Bank, once austerely commercial, has branched out, mostly via mergers. And its main office wears modern dress.

Nothing could better symbolize an important shift in policy at the Philadelphia National Bank than its recent move into a new, glass-walled building on the site of the old John Wanamaker men's store.

PNB has a long and distinguished reputation as a "wholesale bank" with emphasis on hefty commercial accounts. In 1950, its $700-million of deposits represented only about 10,000 accounts. Today, PNB is also a leading retail bank, with $43-million in savings accounts. It also has $18-million in home mortgages and $16-million in installment loans, accounting together for over 7% of all loans.

PNB's shift to "retail banking" is typical of the moves that have been made—and will have to be made—by most of the nation's largest banks. In a few financial centers, you can find some old-line "bankers' banks" that still spurn savings accounts, installment loans, home mortgages, and the other characteristics of consumer banking. But the pressures that forced PNB into retail banking are at work throughout the country. They have been felt even in New York, where mergers and policy shifts have narrowed the list of strictly wholesale banks to a handful.

• **Suburbs**—Demographic and economic factors are keys to the postwar swing to retail banking in general and to Philadelphia National's in particular. The move to the suburbs and the income shift that revolutionized the middle-income class were reflected in a rise in checking activity that was way out of line with the rise in deposits. (In Philadelphia in the past 10 years checking activity has doubled, deposits are up only 20%.) Smaller suburban banks have boomed with the exodus from the city of the fast-spending—and fast-saving—middle-income group.

Philadelphia National didn't move to keep up with these shifts in the first postwar years, contenting itself with the slow but sure growth of its commercial activities. But in 1951, U. S. Steel opened its huge Fairless Works at Morrisville, Pa., and the whole social and economic structure of the Delaware Valley—and Philadelphia—began a widespread transformation. "We realized then that industrial expansion would be greatest outside the city limits," says Frederick A. Potts, Philadelphia National president. PNB started to consider the implications of this suburban expansion and this was a major factor in its own shift to serve these areas.

• **Down to No. 2**—Besides the effects of the advent of the Fairless Works, another feature of the Philadelphia economic scene had PNB thinking—and worrying. Its competition had been solidifying through mergers, which, while it cut down the number of competitors, strengthened those that remained. The one that really caused PNB to blink was last year's marriage of the First National Bank of Philadelphia with the Pennsylvania Co. for Banking & Trusts. Until that merger, PNB had long been top bank in the city in terms of deposits, but the new merged bank outranked PNB at yearend, $983.6-million to



"Remember, Gentlemen, the Seaway makes the Best Location in the Nation better than ever!"

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THE CLEVELAND ELECTRIC ILLUMINATING COMPANY

$910.0-million. Potts says, "We already had our shift under way when those banks merged, but it put us even more on our mettle to intensify new business activities."

PNB decided that the only way to meet these challenges was to "develop a system of neighborhood and community offices and round out our activities to include complete retail banking services." It roughed out these objectives: to keep an eye out for merger possibilities with strategically located banks; to locate branches in those communities with the greatest growth potential; to try to keep the costs of expansion as low as possible.

PNB found out, as other banks have, that merging was the most economical way to expand. It decided to build its own facilities only where merger wouldn't tap a desired area. Besides being cheaper, it was faster than starting afresh.

• **Opening Move**—PNB'S first merger move was to absorb the Ninth Bank & Trust Co., with its five offices in northeast Philadelphia. By September, 1951, when the merger was consummated, Ninth had $50-million of deposits, and $7-million of loans outstanding, most of them of the consumer variety. But it had found that the community was fast outgrowing its own lending capacities. Merger with PNB settled that.

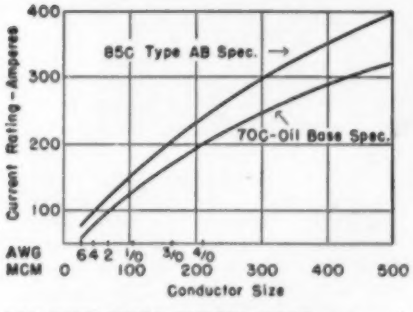
Even as it was absorbing Ninth Bank & Trust, PNB started revamping its own existing facilities to handle new retail business. It enlarged its trust functions, took on savings and special checking accounts, and began making personal loans. It also began overhauling the building it had bought at the corner of Chestnut and Broad Streets, which PNB spokesmen call "the best location for a bank in the city." It tailored the building's interior to fit its new retail concepts, and at the same time put up a broad glass and steel facade to replace the old marble-columned front. The "gimmick bug" bit PNB just as it has other banks around the country—perched atop the new building is a vari-colored weather beacon.

• **Federal O.K.**—PNB's expansion ran into its first obstacle when the bank attempted to merge with the First National Bank of Conshohocken. This bank was outside the limits of Philadelphia County—which encompasses just the city of Philadelphia—and there was a long-standing tradition that city banks did not cross county lines. When PNB proposed merger, the cries were loud from other county banks—and from Philadelphia banks that were becoming anxious about PNB's expansion. But the Federal Comptroller of the Currency O.K.'d the merger, and PNB took over the First of Conshohocken in 1953. Following PNB's example, other



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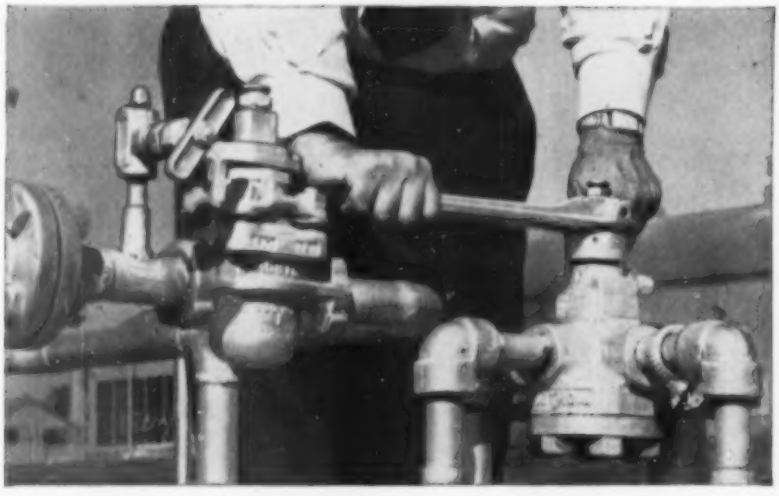
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city banks quickly moved to take over smaller suburban banks across county lines.

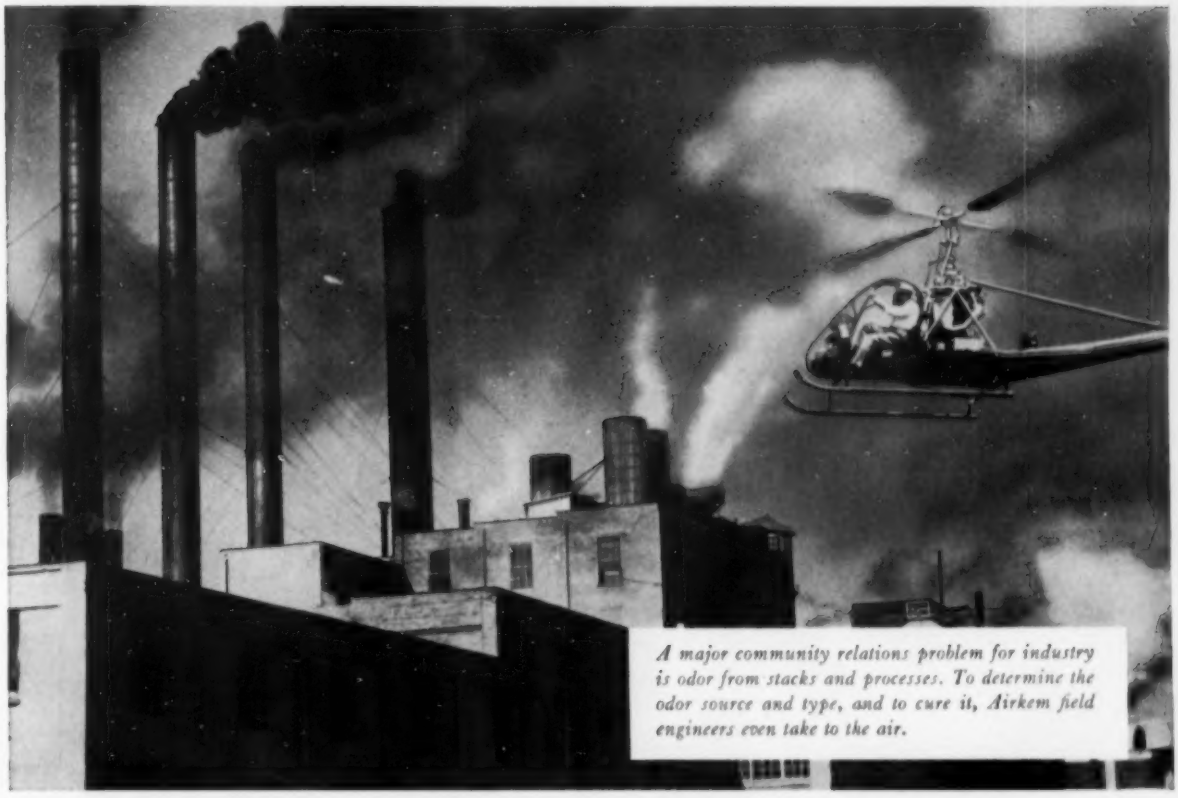
The urge to merge is often strong on both sides, and the PNB-First of Conshohocken is a classic example. PNB wanted an outlet in the county. And First was having its own troubles. Like the Ninth Bank & Trust, it was finding that its area was growing faster than its own capacity.

"Our industrial neighbors would express sorrow that they couldn't do more business with the hometown bank, then get on a train to New York. We just didn't have the facilities to serve them," says Donald P. Horsey, formerly president of First of Conshohocken, and now PNB vice-president in charge of the Conshohocken office. The merger with PNB dovetails nicely: PNB gets its retail outlet near a burgeoning suburban area, and the local bank finds it has expanded its lending limits so it can now handle large industrial customers.

• **Moving Outward**—Once the Conshohocken fracas was settled, PNB continued to move into the suburbs. In 1954, PNB merged with the First National Bank of Lansdale, the Chester-Cambridge Bank & Trust Co. and the Montgomery National Bank of Norristown. Last year, it added banks in Pottstown and Hatboro to its fast-growing suburban chain. All of these banks had been correspondent banks of PNB, and this smoothed the merger route.

Having burst out of Philadelphia County with the blessing of the Comptroller, PNB found itself again looking to Washington for a ruling on still another banking innovation. Bucking tradition again, PNB last August applied to open a new branch in Ardmore. This would mark the first time since the Depression that a city bank had crossed county lines by any route other than merger or outright purchase of another bank. Again, the Comptroller gave PNB the green light, and the bank hopes to open its Ardmore branch within the next year.

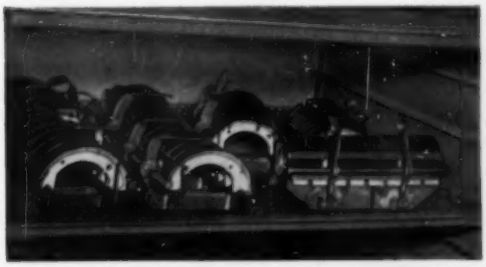
• **"Greater Potential"**—After five years, seven mergers and a number of discarded traditions, Potts believes that "Philadelphia National has even greater potential for growth." Compared to its three offices in 1950, PNB now has 16, mostly in the suburbs. The expansion in all of its retail banking departments has not come at the expense of any "wholesale" business, as deposits have continued to increase with expansion. Now PNB has its eye on that No. 1 spot in the city, although Potts doesn't count that goal as important as continued expansion of consumer facilities. "Of course there is certain prestige that comes with being the largest bank in the area. But when you have two



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banks with resources of over a billion dollars that are within $80-million of each other, then that prestige factor is not as important as it otherwise might be."

FINANCE BRIEFS

General Electric Co. borrowed $100-million from banks last week to help meet its Mar. 15 **federal income tax,** says Treas. John Lockton. This "temporary seasonal" loan was GE's first borrowing of any kind since December, 1946. But the loan wasn't entirely unexpected (BW–May14'55,p132). Since 1945, GE has spent $1.1-billion out of earnings for expansion, and its cash resources have dropped–1955 yearend cash and securities were only $116-million; the 1953 figure was $435-million.

•

Others, too, needed tax loans. In the week ended Mar. 14 New York commercial bank loans rose $325-million, to a record $9.5-billion. Bankers said the rise was largely due to the borrowings of companies in the same fix as GE.

•

State and city tax collections continue to soar. Denver's city sales tax in January and February produced 5% more than in the 1955 months. . . . Ohio expects a $10-million annual boost from the 1¢-a-pack added this month to the cigarette tax. . . . Arkansas says its February tax collections were 10% above a year ago.

•

New Haven RR's problems multiply. Right now the road faces: (1) an ICC hearing on its accounting practices and financial activities–notably the repurchase agreements by the Patrick B. McGinnis regime, which guaranteed to others profits up to $10 a share on New Haven securities they had bought; (2) an $8-million stockholders' suit against the directors and all security holders, based on the repurchase agreements; (3) a physical inspection of all its Rhode Island facilities by the state public utilities commission.

•

Commercial and finance company paper stood at a record $2.6-billion at the end of February. The New York Fed says that's 9% above the old record set last July, 11% more than the end of January, and 20% more than February, 1955. The peak was caused by a $253-million, or 14%, rise in the open-market outstandings of the five big finance companies that market notes directly to investors. Yet short-term payables of the group probably rose very little last month, since the proceeds of nearly all their note marketings went to reduce bank borrowings.

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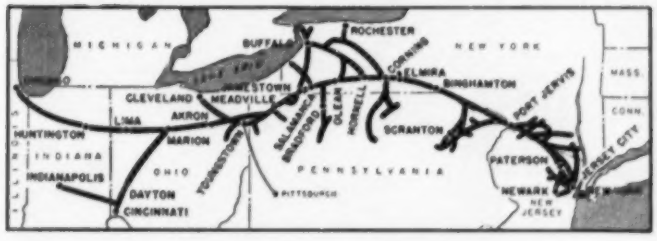
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Home Loan Plan in Peril

Congressmen are gunning for pet Eisenhower project that aims to get maximum of mortgages into private hands. Foes cite compulsory aspect and delays.

One of the pet pieces of the Eisenhower housing program is in peril this week, as a House Veterans' Affairs subcommittee, headed by Rep. Olin Teague (D-Tex.) finishes up hearings on the Voluntary Home Mortgage Credit Program.

Under the program, set up under the Housing Act of 1954, all mortgage requests to the Veterans' Administration are referred first to VHMCP, where private funds are made available wherever private lenders want the loan. The idea of the program was to keep the federal government as much out of the housing business as possible.

• **Life Companies**—Private lenders have been enthusiastic about the program; a big chunk of its funds have come from life insurance companies. In a little over a year, 13,899 loans were made, representing over $118-million. All mortgages handled under the program must be insured by either the VA or the Federal Housing Administration.

Loans have been made in all but two states, with the emphasis on rural areas, and loans to minority groups that have found it tough to get mortgage assistance through normal lending channels in their own community. The government bears all the administrative expense of VHMCP, operating it through the Housing & Home Finance Agency.

• **Compulsion**—What disturbs Rep. Teague—and other congressmen who are also introducing bills to hamstring VHMCP—is its compulsory referral aspect. That is, Teague doesn't think that VA should have to send all veterans to VHMCP for private aid before it advances loans (VA will make the loan if the veteran cannot get a private mortgage). He claims many veterans have had to wait inordinately long—sometimes four to six months—before finding out one way or another about their loan through VHMCP.

Teague is also disturbed about the fact that many VHMCP mortgages are being sold at discounts, because private lenders under the program aren't satisfied with the 4½% return on the face value of the mortgage. Discounts up to 2% are common, and the VA has ruled that discounts of that amount are "reasonable." The discount is absorbed by the homebuilder or mortgage seller, as the housing law forbids the veteran himself to pay the discount. But many builders and sellers may refuse to sell at a discount, thus delaying the veteran further in his mortgage plans.

• **Speeded-Up**—The Administration has already moved to meet Teague's basic objections. Last week, the VA cut the required waiting period for a loan through VHMCP from a 45-day minimum to a 20-day minimum. VHMCP spokesmen say 20 working days is plenty of time, and that 90% of all mortgages were processed in that time anyway. That gives VHMCP time to refer the mortgage application twice to different private lenders. If the application is turned down twice, it probably can't be placed with a private lender at all, and the VA will make a direct loan to the veteran. VA has $150-million for direct loans for fiscal 1956, and so far has used only $25-million of that because the bulk of the loans have been handled via the VHMCP.

Top housing officials at the hearings have reportedly pointed out that it might be possible to reconsider the whole program and not make it mandatory to refer all veterans' loans to VHMCP. Interpretations of the housing act say referrals need not be mandatory under the technical language of the act, but if they are not mandatory, it would cripple VHMCP if not kill it.

• **Standing Pat**—Teague so far is adamant on VHMCP despite the changes. "At the moment," he says, "it is my intention to do what I can to see that the program ends." He says that he would be satisfied with a ruling taking out the mandatory referral of VA loans, but this would have the effect of ending the program.

The Administration has argued strongly for continuation of VHMCP on its present basis, and housing spokesmen estimate that, if left alone, VHMCP will handle 18,000 loans totaling $150-million in fiscal 1956, and 30,000 loans totaling $250-million in the next fiscal year.

• **Yearend Rush**—Both Teague and Administration housing officials are apprehensive about any delays that could hold up processing of veterans' mortgage applications by the end of this year. At present, the veterans' mortgage loan program is due to expire July 25, 1957, and the big rush in applications will come at yearend if this date isn't changed.

As things stand, Congress will probably let the program taper off, rather than letting it die outright or extending it for another long period. END

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After graduating from Lehigh in 1914, George spent six years in industry. Then came six more years at Lehigh, three as Assistant Professor in charge of the Experimental Engineering Laboratory.

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In 1929, George joined McGraw-Hill to help launch *Product Engineering*. He has carried the full responsibility of Chief Editor for the past 20 years. In his ceaseless quest for facts he travels constantly. Last summer he visited five European countries interviewing industrialists and educators to give his readers a detailed report on new developments in engineering design, materials and components, and on European methods of teaching and training engineers.

George is a member of the engineering honor society, Tau Beta Pi, and six professional engineering societies. His many committee activities keep him in constant touch with the country's foremost engineering executives.

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MANAGEMENT

Independent Oilmen:



They Gamble at 9 to 1 Odds

BY NATURE, independent oilmen aren't worriers. If they were, they'd all have ulcers at an early age. But at the swank Petroleum Club in Dallas, at the Esperson Drugstore in Houston (BW–Oct.31'53,p64), throughout the country wherever oilmen meet, you can see long faces and hear nervous conversation.

Two actions in Washington are fretting the oilmen:

• Pres. Eisenhower's veto of the natural gas bill that they wanted so much to see enacted.

• The Senate investigation of the influence of lobbying groups, with emphasis on the oil lobby.

• **Misunderstood**—On the gas bill, it's simply a case where the independents, along with other oilmen, are licking their wounds and preparing for another try. But the Senate investigation gives most independents the cold shivers.

If the probe confines itself strictly to lobbying, the independents aren't too worried—they probably have no more dirty linen than the next fellow. Their big fear is that the investigation will go off on a tangent and bring more public abuse down on their heads. For of all major business groups, independent oilmen feel they are the least understood, the most abused and maligned.

I. Who Are These Independents?

One problem the independents have always had is to define just who belongs in their ranks. Four out of five people who are called independents don't qualify under their own rough definition: a man who independently finds and leases oil lands, drills for and produces crude oil. A man who gets involved in refining or marketing rarely qualifies under their definition.

The public's definition doesn't come close to reality.



PASSING tradition among independents is cowboy hat, giving way to conventional felt.



HANGOUT for Houston's independent oilmen, Esperson Drugstore, is scene for $1-million deals made over coffee and doughnuts.

To many people, the independent oilman is a sort of American primitive, an intellectual pinhead who spends his waking hours chasing blondes, bourbon, and Lady Luck and who is so fabulously rich that it's criminal. He is also regarded as an egocentric who spends many of his millions in trying to impress his political ideas on officeholders and public alike.

• **What He Really Is**—The truth is that many are well educated and interested in things cultural, that the mass of independent oilmen earn nearer $10,000 than $100,000 a year, that their private lives are more or less unspectacular.

Mostly they marry their high school or college sweethearts rather than movie stars, though E. E. (Buddy) Fogelson of Dallas is wed to Greer Garson and Howard Lee of Houston to Hedy Lamarr. Most have a couple of children and center their social life around their homes rather than nightclubs.

True, there are flamboyant types who make headlines, such as Jim West of Houston, who owns well over a dozen Cadillacs and showers silver dollars wherever he goes, or the Texas independent who bedded down his

They Feel They're the Most Abused and Maligned



UP-AND-COMING independent is Eddy C. Scurlock (right), who drills near Houston, and spends a lot of time in the field.



HOMEBODY types are spread pretty thickly through independents' ranks. Like Fred J. Heyne, Jr., most spend evenings at home, not at night clubs.



RANCHING, as for Vernon Frost (above), is their favorite hobby. It has tax advantages, and oil may lie under their land, too.

of All Businessmen

Story starts on p. 140

prize steer in a hotel's bridal suite or Glenn McCarthy who is known as a headline grabber.

Oilmen do like big, fast cars, especially Cadillacs—both as fine machinery and as symbols of success. And they do put a lot of money into houses that are showplaces. H. L. Hunt's Dallas home is a king-size replica of Mt. Vernon, Hugh Roy Cullen's Houston home is reportedly worth a million.

As for drinking, oilmen are noted for their ability to drink most people under the table, though there are a surprising number of teetotalers among them. Bourbon is their drink, though Scotch is making inroads.

• **Why He's Different**—An independent oilman is admittedly a distinctive type of businessman, and there are at least three reasons why he's different:

• He always has the chance, if he's very lucky, of finding tremendous wealth in a matter of years, months, or even days. One hole in the ground may tap a $100-million oil field.

• The tax laws permit him to keep a higher percentage of whatever he earns from his rich strikes. In figuring his income taxes, he can write off 27½% of his income (the depletion allowance) and most of his drilling costs: When he sells his oil, he gets long-term

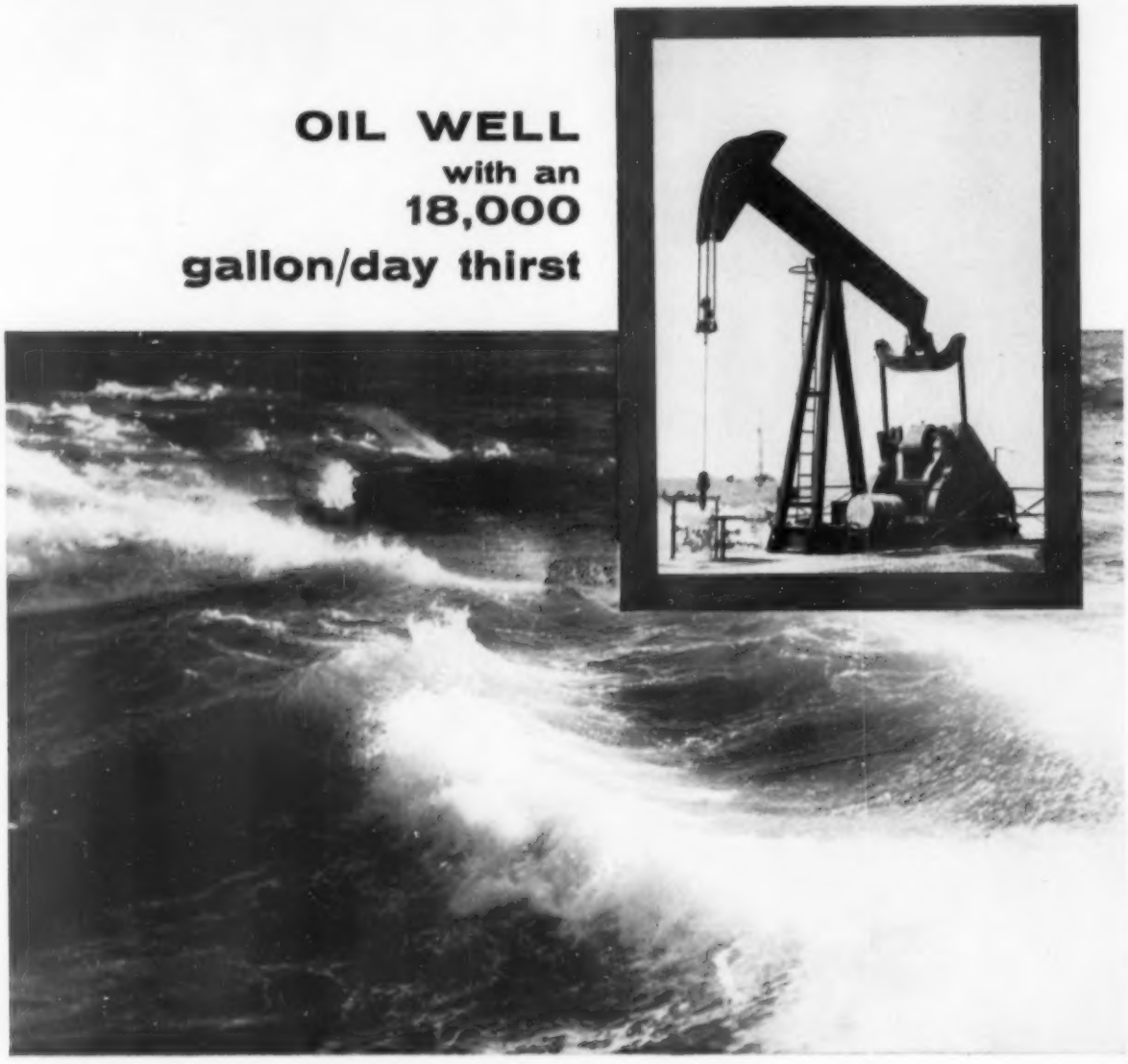


AFTER HOURS, Houston's plush Petroleum Club is one of clannish independents' livelier oases.



FOR WORKING HOURS, independents like George Strake (left) need gambler's spirit to make big-money decisions in a moment.

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Pumping water into underground oil-bearing formations to force up more oil, more economically, is a big operation in the petroleum industry—and getting bigger all the time. Such water flooding projects now require millions of gallons of water per day, and most of it must be chemically treated to prevent plugging, corrosion, and scaling in the formation, in wells, and in connected equipment. Obviously, these are jobs for Nalco—the world's largest water treating service organization . . . Jobs that Nalco is doing efficiently, and, equally important: economically.

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capital gains, at a maximum 25% rate.

• The industry is relatively so young that many of its pioneers are still living. That means that the fabulously wealthy independents are the counterparts of the steel industry's Carnegies and Fricks, the railroads' Vanderbilts, of 70 years ago.

• **Blue Book**—Considering these factors, the number of oil barons is very small. Four are in a class by themselves: H. L. Hunt and Clint Murchison of Dallas, Sid Richardson of Ft. Worth, and Hugh Roy Cullen of Houston. Their fortunes range between $200-million and $700-million.

Once you tick off these names, you get down into a stratosphere of little-known names. Independents in the $50-million to $100-million class may include such men as John Mecom, George Strake, and R. E. Smith of Houston and Everette DeGolyer of Dallas. Then the level drops rapidly to the great mass of independents, earning $10,000 to $50,000 a year.

Industry groups recognize a total of 20,000 to 40,000 independent oilmen. These men are the heart of the domestic crude oil business. They drill 80% of the wells, do most of the wildcatting, and find about two out of three new oil fields.

• **Background**—Most of the independents were born in oil country, but others have been drawn into the business by its excitement and opportunity. Such were the oldtimers, who are now in their 60's and 70's. Hunt was a cotton grower, Cullen a cotton trader and real estate operator; neither finished school. Murchison and Richardson started off as cattle and horse traders; they didn't finish college.

Most of the men who are now in their 40's are college-trained geologists or petroleum engineers—men like Mecom, Mike Halbouty, Cecil Hagen. Some came up as drilling contractors; others are sons or grandsons of oilmen. Then, too, there are miscellaneous backgrounds: French Robertson of Abilene was a lawyer, Joe Bludworth of Corpus Christi is a former chemist, and Bill Bartle (picture, page 140) is a certified public accountant.

II. What It Takes

Whichever route they took into the business, nearly all independent oilmen have the same three characteristics: (1) a gambler's instinct, (2) tremendous drive and energy, (3) self-confidence.

• **Stiff Odds**—Many oilmen are born gamblers, in the narrow sense of the word as well as in business operations. You'll find them sprinkled among the gaming tables at Las Vegas and Galveston; among themselves, they play poker, gin rummy, and craps for high stakes.

Most began gambling early in life. Murchison was kicked out of Trinity University when he refused to sign a no-gambling pledge after being caught in a crap game. DeGolyer is still remembered as the best poker player at the University of Oklahoma. Hunt reportedly won his first oil lease in a poker game.

An independent oilman needs to be a gambler. The oil business is a rough, high-stake crap game with the dice loaded at 9 to 1 odds against striking oil in a wildcat well, 16 to 1 odds against hitting a very small field, 53 to 1 against a small field, 330 to 1 against a medium oil field, and 991 to 1 against a really big strike.

Even at these odds, the oilman has to lay a stack of chips on the table. It costs more than $100,000 to drill a 10,000-ft. wildcat well, and some wells take upward of $1-million. Equipment, materials, labor—all are expensive. The rig may have cost $300,000; the typical 10,000-ft. well needs 10,000 to 12,000 feet of steel drill pipe, 12,000 feet of casing, 20 to 100 drill bits, 500 to 1,000 tons of drilling mud additives, 2,000 to 5,000 sacks of cement, and a top-pay drilling crew that works with the precision of a football backfield.

And if the well proves to be dry, all the oilman has to show for his investment is a hole two miles deep, down which he can throw a silver dollar—if he has one left.

• **On the Go**—The oilman needs unusual drive and energy, the ability and willingness to live out of the back seat of a car for 10 days at a stretch as he sweats out a wildcat or commutes between wells hundreds of miles apart. He must get along with a minimum of sleep, yet stay sharp enough to make up his mind in minutes on how deep to drill or whether to buy a lease.

• **Self-Confidence**—Call it self-confidence or call it optimism, but many of the nation's greatest oil fields were discovered by independents who persevered when the best geologists said they would find no oil. When 70-year-old Dad Joiner was drilling the discovery well that unlocked the rich East Texas oil field, others were jeering that no oil had been found there, pointing to 17 dry holes nearby.

Cullen made his fortune in fields where major companies had thrown up their hands. Mike Halbouty made millions out of probing the flanks of Spindletop after it had fizzled out; Mecom got his out of revitalizing dead acreage atop old salt domes.

III. How It's Done

Basically, an independent oilman is a small businessman. Most have five to 20 employees. An operator as big as Mecom might have 400 men, a dozen rigs, a hundred cars, 40 boats for offshore work, and five planes—but he's an exception. A Mecom has a staff of tax and legal experts, too, and a geologist and a production superintendent; most oilmen act as their own experts, backstopped by part-time consultants. They do have a man or a girl to unwind red tape; independent oilmen notoriously hate detail.

Oilmen are usually good planners but most aren't the corporation executive type. Running the everyday work of large staffs would cramp their style. They like to keep their work schedule flexible, divided between the office and the field. Since they have operations often in several states, they travel more than most businessmen. That's one reason for their private planes and big, fast cars.

• **In a Day's Work**—In the field, an oilman spends his time with landowners, lease men, and his drilling crew. In town, he takes phone calls from the field, looks over maps and geologists' reports, and confers with his associates. At lunch time, he seeks out other oilmen at the local petroleum club or the equivalent of Esperson Drugstore. That's where he feels clannishly at home, where he often picks up news and gossip to parlay into a quarter-interest in a lease or into a drilling contract.

Oilmen's deals are so informal that they would shock most other businessmen. Million-dollar deals are often closed over a cup of coffee by a nod of the head or a handshake. Oilmen figure the paper-signing can always come later.

The risk of phonies who abuse this informality is pretty small. They don't last long in the oil fraternity. "In this business, you only welsh on a deal once," explains a veteran Oklahoma independent.

• **Financing**—When he's starting from scratch, an oilman is often bank-rolled by a drilling supply company, provided he has the credit rating and the character—and some money of his own to put in the deal. After he has a couple of wells under his belt, his prime source of money is the bank. In fact, success among independents is often measured by how deeply they are in hock to a bank.

Clint Murchison often complains: "The only bad deals I've ever made were when I had money. Cash makes a man careless."

Borrowed money is vital to the independent oilman. That's because his wealth is in oil reserves that come up a little at a time; it may take 10 years of production to pay back the cost of a well. Meanwhile, the oilman drills new wells by borrowing funds. He puts his oil reserves up as collateral, pays the loan back by production pay-

How we work steel to make steel work for you

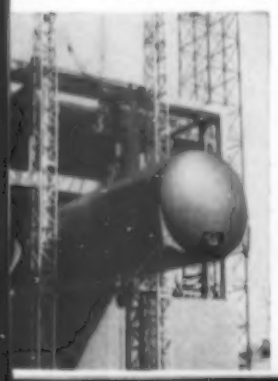
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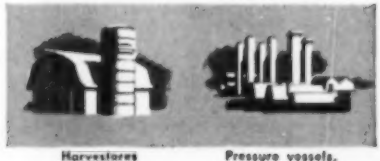
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ments, so much to the bank out of every barrel of oil.

By the same token, in oil country, the banks thrive on this kind of business—"the big bank loans are oil loans." The Republic National Bank in Dallas has six vice-presidents in charge of oil loans, counseled by 10 petroleum engineers. The big New York and Chicago banks also have special staffs to handle oil loans.

• **Change of Heart**—Nowadays, banks don't hesitate to lend for three, five, or even 10 years on an independent oilman's reserves. That's a far cry from 30 years ago, when an oilman was lucky if he could get a loan at all and very lucky if the term ran one year.

In those days, the potential of an oil field was extremely difficult to gauge. Production was uncontrolled, and prices of oil gyrated wildly. When the East Texas Field blew in 25 years ago, crude oil prices tobogganed from $1.29 to 10¢ a barrel, wells flowed unlimited thousands of barrels a day, and every sharp operator in the country seemed to descend on the boom towns.

It was the introduction of prorationing as a conservation and market-stabilization measure, along with accelerated progress in geology as a science, that brought the banker and the independent oilman together. Today, experts can measure oil reserves accurately, production allowables are adhered to, and financing on a long-term basis is a matter of routine.

IV. Between Extremes

Besides being perpetually in debt, the independent is a great hedger. He likes to split a lease or a drilling project a couple or maybe four ways. If the well turns out to be a duster, he has lost only half or a quarter of the total cost; if he hits a good field, he still makes a couple of million.

The oilman knows he could make fantastic profits by being sole owner of a rich strike. He also knows he could run up fantastic losses. Jack Frazier of Houston, for example, was a millionaire by 1940. From 1940 to 1950, he drilled 200 wells, hit oil 12 times, but didn't make one profitable strike. He figured his loss at $287,000 on the 12 discovery wells alone. Morris Womack, another Texas independent, drilled 196 dry holes in a row.

• **Getting Partners**—An independent has several ways of spreading his risk. Probably the commonest way is to get "dry hole" or "bottom hole" money from a major oil company or a big independent.

In the "dry hole" deal, he gets paid if he drills to an agreed-upon depth without striking oil; if he hits, he's in clover and the "dry hole" contributors don't have to put up anything. They get the benefit of knowing their acreage in the area has bright prospects.

In the "bottom hole" deal, the independent operator gets paid whether he hits oil or not, as long as he drills to the agreed-upon depth.

The big companies don't do this because they feel big-hearted toward independents but because it makes good business sense. They own sizable acreage on which they have to pay rent and have drilling obligations. They can stretch their drilling budgets by helping the independent to do exploration work.

• **Making Money**—If and when the independent does hit a big oil pool, he has several courses open to him. He can: (1) sell out, at perhaps $1 a barrel, to a major oil company—and pocket a long-term capital gain, (2) hold on to what production his well gives him, marketing it to the refiners, or (3) keep borrowing from his bank so that he can drill more new wells.

Selling out is often an attractive proposition. The majors are always shopping around for production and often find it's cheaper to buy a producing well than to drill their own.

• **Siren's Call**—But even if the independent does sell out, the chances are that he will get back into the oil game soon. Dozens of independents have retired rich—as Clint Murchison did in the 1930s—only to get the oil bug again. The fascination of the business keeps many going even though they're dogged by fantastically bad luck.

The same psychology keeps oilmen plowing their money back into the ground. And that's one reason why the trust business has never flourished in oil centers.

"Oilmen don't want blue chip stocks and bonds—what they want is capital appreciation, and lots of it," says one Houston banker.

V. Lengthening Odds

Independents have always been gamblers, but they could be getting more ardent in their betting these days, for their chances of making big money are getting slimmer.

• **Tougher Search**—For one thing, it's becoming harder and harder to find oil. Some of the biggest potential fields are beyond the reach of most independents. The Texas and Louisiana tidelands are the hot prospecting areas now, but few independents can afford to pay the tab of moving in there; it runs to $1-million and more for each well. They're concentrating their onshore efforts on drilling in old fields, exploring the major oil-producing states. Others are working in new oil provinces like Alabama, Florida, and the Rocky Mountains.

• **Deeper Wells**—Then, too, the cost of drilling has risen 20% since 1953

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alone. Labor and materials cost more, and oilmen have to drill deeper these days to hit oil. This deeper drilling runs costs up fast.

The pressure of climbing costs and increasing odds against striking oil has brought a major change in independents' operations in just the last year or two. Many now like the idea of foreign drilling. Ten years ago, an independent operating abroad was a rarity. Today, independents are working in more than a dozen foreign countries.

VI. Murky Politics

None of this means that the independents are declining into poverty. Indeed there has been a great stir in the last few years over charges that oilmen are getting so rich they're able to throw great sums of money into politics and into media of mass communication through which they try to impress their views on the public. But oilmen who have engaged in these activities are the exceptions.

• **Ultraconservatives**—The prime examples of the exceptions are Hunt and Cullen, whose political views lean toward the isolationist, ultraconservative side. Cullen has been active in politics since the 1930s. He has been a lot more active in recent years, though, because he has gradually been passing control of his oil empire to his sons-in-law. To those who support his political views, Cullen is willing to donate sizable amounts of money.

Hunt's political approach has been pretty much the same, though recently he has been putting his major effort into programs like Facts Forum.

• **Other Aims**—Actually, the charge that oilmen are grabbing up the major communication media for political purposes doesn't stand up. Some oilmen other than Hunt do have holdings in these media, but not for the purpose of spreading their political views. Glenn McCarthy bought a Houston radio station and started a group of newspapers there—to make money. Murchison bought the magazine Field & Stream and the publishing house of Henry L. Holt—as good investments. And DeGolyer bought a controlling interest in the Saturday Review of Literature—because he felt it was a first-class magazine and didn't want to see it in financial straits.

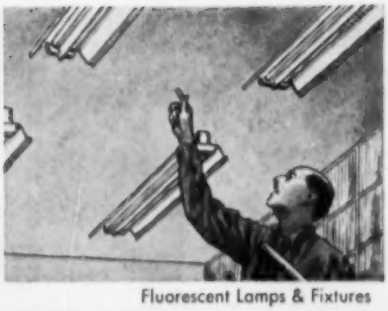
• **Dropping Joe**—The political activity that did bring most criticism down on many independent oilmen's heads was their support of Sen. Joseph R. McCarthy. For a while he was the darling of the independents. Their ardor for him has waned as national support for him has fallen away. By nature, independents don't like to string along with a loser; they like to avoid drilling two dry holes in the same location. **END**



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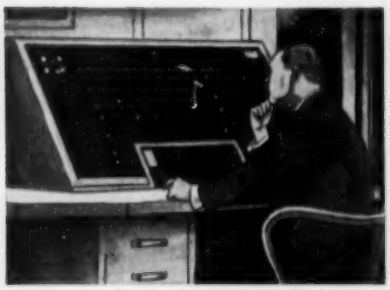
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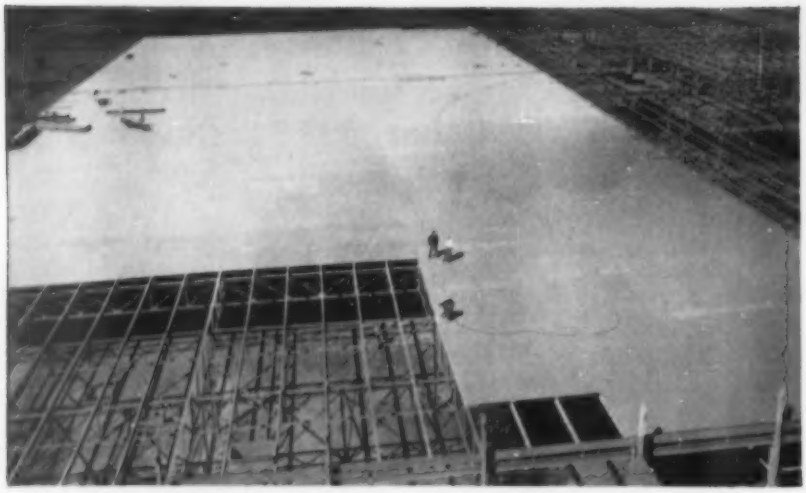
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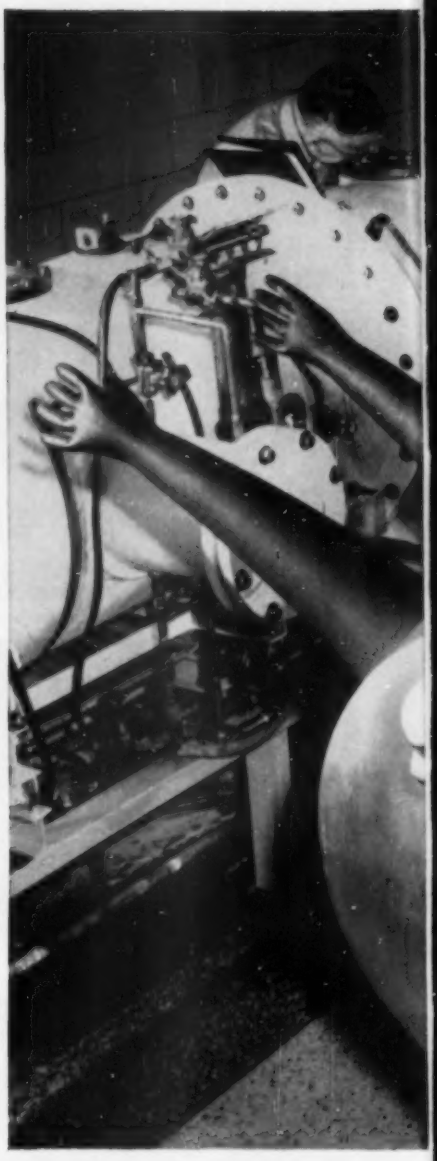
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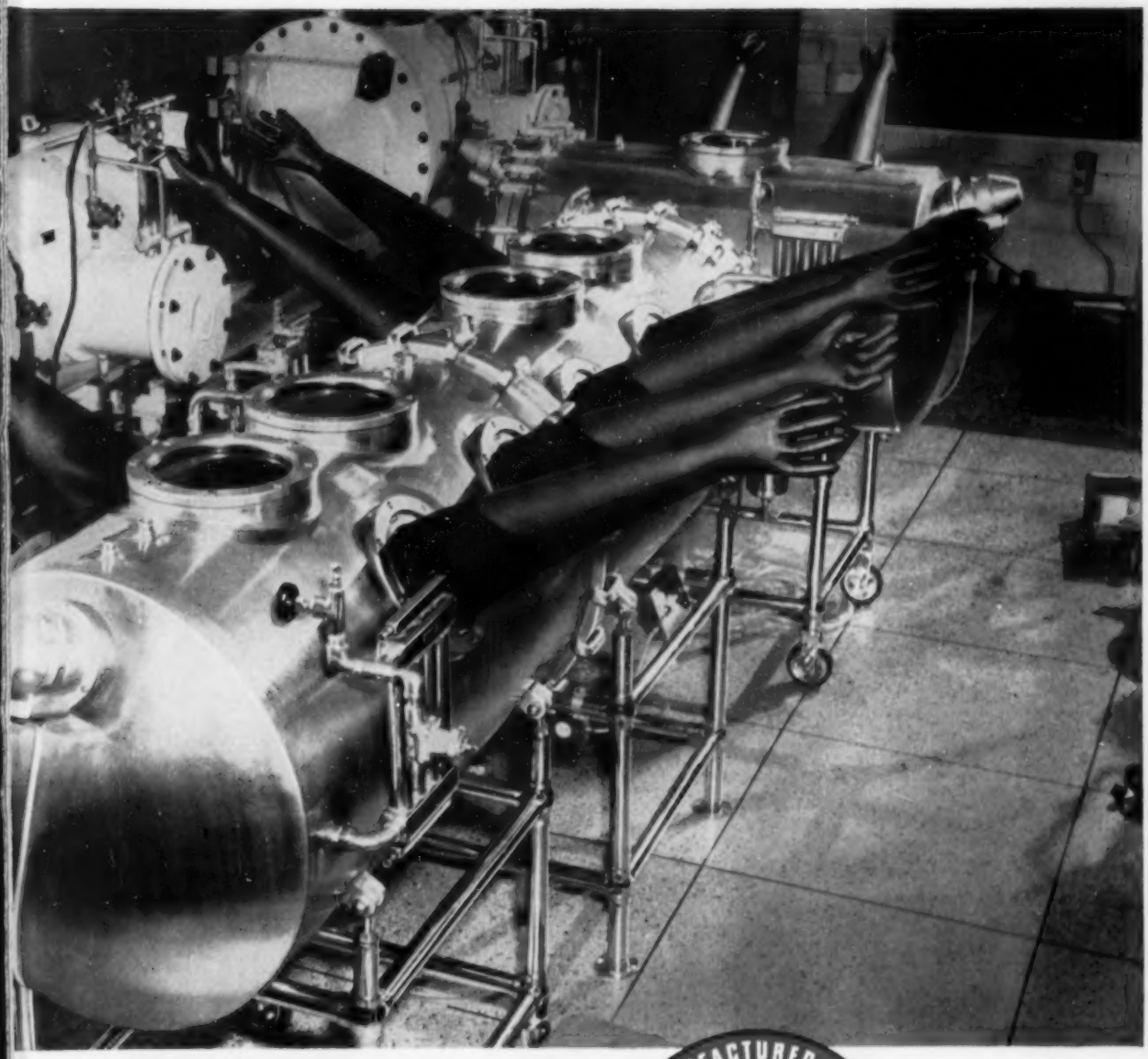


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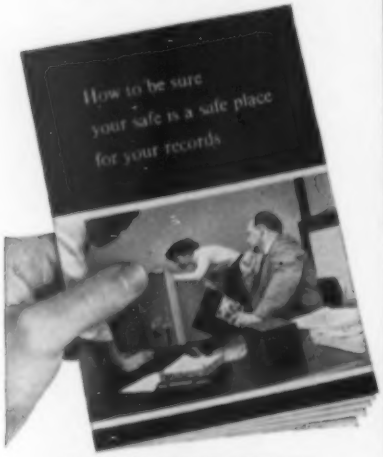
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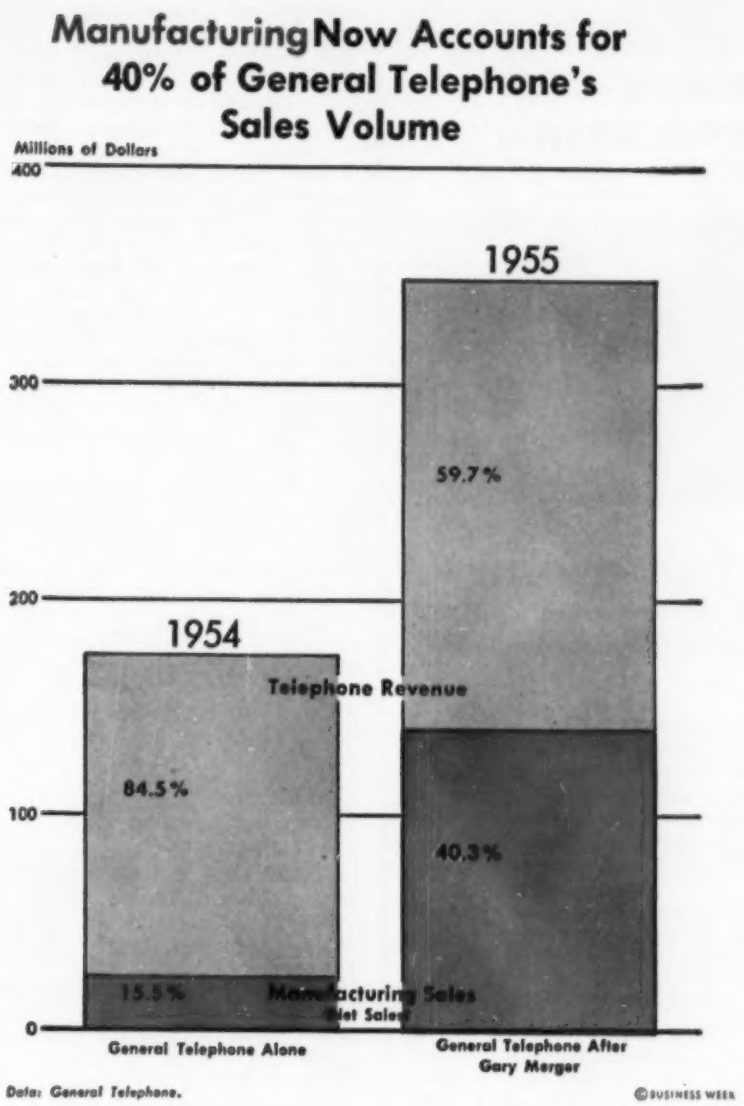
UNDER Donald C. Power, General Telephone now has an administrative staff to match the company's size.

Why General Aims to

When General Telephone Corp. stockholders gather in New York's Hotel Biltmore on Apr. 18 for their annual meeting, it will be the first since their company merged with Theodore Gary & Co. last October (BW–Sep.10'55,p158). Until that merger, General and Gary were, respectively, second and third largest telephone companies after the Bell System. Their union, according to security analysts, was the largest merger of assets in this nation in more than a quarter of a century.

As a result, General Telephone, under 56-year-old Pres. Donald C. Power (cover and above) emerges with outright ownership or direct control of over $1-billion of assets in foreign and domestic telephone service and telephone equipment manufacturing subsidiaries. Gross revenues for 1955 were $351-million, up 15% over 1954 on a pro forma basis. Net income–$31-million–was up 29%.

General's system now serves about 4,300 communities–more than 2.5-million phones–coast to coast. Compared with AT&T (1955 assets: $15.3 billion), General still is a small potato. But by



MERGER with Theodore Gary & Co. adds the equipment manufacturing plant to round out General's expansion plans.

Be a "Baby Bell"

any other comparison, it's big. General's officials like to point out that, if you consider all Bell as one company, General is one of the 10 biggest utilities in the U.S.

• **Objective**—The merger with Gary has a significance beyond the financial figures themselves. It capped a plan that Power had had even before he became president. In simplest terms, he wanted to make General into a smaller edition of Mother Bell—a Baby Bell, with enough nourishment to make it grow faster than its mature counterpart.

To achieve this end, Power saw that he had to do at least two things:

• Change the General system from a loosely knit group of operating telephone companies into a modern corporation.

• Acquire a manufacturing division—that is a counterpart of Bell's highly profitable Western Electric Co.

• **First Move**—When Power, an ex-lawyer, became president in June, 1951, he moved first to build up and broaden General's management team. He shook off the holding company look of General's central management group, replaced it with a large, modern corporate organization with a bigger staff. Where there were only eight corporate officers and their secretaries before, there are now 50 executives at General's headquarters on Madison Avenue.

Power started to push the second part of his program even before the merger. In 1950, while still only a director, he engineered the purchase of Leich Electric Co., Genoa, Ill. Leich was a tiny but profitable maker of small central station telephone equipment. Since then, through an expansion program that Power started, the company's sales have leapt from $6-million to $34-million.

Putting the pieces together, Power hopes to achieve two ends:

• The prompt and adequate supply of telephone instruments and central station gear to his 42 rapidly expanding telephone companies.

• A solid position to supply such equipment to non-General independents, of whom there are 4,800.

I. Streamlined Management

To mold General on the AT&T lines, it's easy to see why Power needs a high-powered management team and a big, fully integrated manufacturing organization. And it's easy to see why many in the industry feel that Power may obtain his objective.

Power's personality and ideas are felt throughout General's organization. He's very accessible—because he believes that the biggest roadblock of a large utility is the inertia that comes from empire-building bureaucracy. He takes a personal interest in every phase of the company and in the men who run it with him. He's a hefty, gregarious, former football player (Denison University), who makes running a billion-dollar corporation look easy. That ease comes from a familiarity built up in a career first teaching about utilities at Ohio State, later working with and for utilities. For years, Power was an independent rate counsel to the telephone industry for both General and Gary—which accounts for his idea to merge the two.

• **The Record**—When Power took over, General had 1.5-million phones in 15 companies, the newly acquired Leich Electric, and a directory company. Annual profits were $4-million.

Power's first step was to reorganize management.

Below General's eight-man headquarters, there were four regional or "group" managers, one each of the Western Central, East Central, and Southern groups. In each group were the state telephone companies.

The group executive was the president of each state company. On-the-spot management was vested in a vice-

Sixth in a series of Ramo-Wooldridge automation concepts

THE INGREDIENTS OF AUTOMATION





The BANKERS TRUST COMPANY

automation project exemplifies integration of business realities and technical considerations

For all its commonplace appearance, the meeting shown in the photograph is a symbol of the proper approach to practical automation. In this picture, executives of Bankers Trust Company are attending one of a series of lecture-conferences on the techniques of modern automation and data-processing, conducted by scientists of The Ramo-Wooldridge Corporation. This photograph could appropriately be paired with another view in which the Ramo-Wooldridge project team of scientists, engineers, and procedures specialists is being briefed by Bankers Trust experts on some of the essentials of their banking business.

Through this two-way interchange, a firm foundation is provided for a program aimed at the incorporation of practical automation techniques in the bank's bookkeeping and account-handling activities.

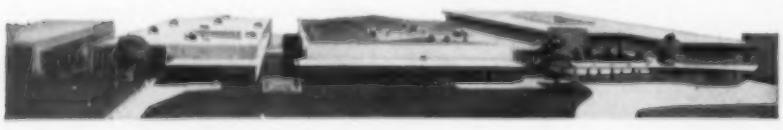
Such an intimate blending of operational and technical considerations is required if the two common errors in automation are to be avoided. One is the expensive development of complex new equipment when already available components would do the job if suitable and tolerable changes in operational practices were made. The other common error is really the converse of the first, and is equally expensive. It is the attempt to perform data-processing functions with a type of equipment that is basically not well suited to the needs of the business.

The technical-operational team approach exemplified by the Bankers Trust Company project is an essential ingredient of practical automation. Such an approach leads to a combination of equipment and methods that maximizes the over-all benefits derived from the application of the modern techniques of automation.

If your company has a problem in automation or data processing that may need an integrated systems approach, we would be glad to discuss it with you and tell you whether we think we could be helpful.

The Ramo-Wooldridge Corporation

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president and general manager in each state. In practice, the regional executives were laws unto themselves. They resented "New York." And, in New York, top officials were more or less content to stick to high-level financial operations.

• **Too Cumbersome**—Power threw this system out. "It was too cumbersome," he says. "Those group people were spending too much of their time in trains running around from state to state. While they were putting out fires, the over-all problems they should have been handling were piling up on their desks. And the local managers, knowing the boss was due in on the afternoon train, never could bring themselves to go all out in their operations without approvals.

Fortunately, when Power decided to chop out the regional layer of management, natural retirements and openings at the company level saved him from the role of hatchet man. And after the group jobs were abolished, the state managers stepped up to the title of president of their respective companies, were given full control, and now are responsible only to Power.

• **Expansion**—At the same time, Power began expanding headquarters. He added industrial and public relations staffs, an operating vice-president, a merchandising and marketing department. He expanded the financial section to include more specialists, opened up a centralized methods and procedures department. He combed the operating companies for the best technical men to form a headquarters' engineering organization.

• **Ask the Specialist**—On major problems such as financing, capital outlays, labor problems, the operating presidents report directly to Power—if they feel the need. But, as the system shakes down, more and more operating problems are going to the headquarters' specialists for solution. Increasingly, Power insists that this procedure be followed. He wants more time to think about top policy and big nonrecurring problems.

Power is the first to admit this reorganization is nothing more than an adaptation of what smartly managed companies in more competitive industries have been doing for the past ten years. His contribution, which he characteristically belittles, is in adapting modern organization and management to a holding company utility.

The effects of this policy are apparent. A Power-originated salary structure review resulted in a general upgrading of executive pay. The stepped-up compensation, plus the new authority at headquarters, have improved management morale. Men who had been discouraged by what looked like a limited future now are happily

cying the top rungs of the ladder.

• **Fewer Quirks**—In another procedural area—revenue accounting—Power was increasingly confused because each of the operating companies had its own revenue accounting system. One company would report 17¢ per phone while another about the same size would report 30¢. In some cases, of course, it was a matter of operating effectiveness; others Power couldn't figure out. "I called these fellows up and said 'What gives?,' he says. "They had all kinds of special situations that made them report these things this way or that and reasons why I couldn't compare their company's performance with Joe's company because Joe had his own way of looking at a balance sheet, too."

That didn't satisfy Power. "I'm no accountant. I can't plow through all these figures and keep everybody's accounting quirks in my head," he says. The result was more methods and procedures accountants at headquarters to straighten out, simplify, and unify operating reports.

Unification had other effects, smaller but symptomatic of the lack of strong central management. One example: A spot survey revealed that there were some 900 different kinds of envelopes in use throughout the general system. "I fixed that pretty fast," smiles Power. Now, all the companies have switched over to standard stationery and the headquarters procedures men just watchdog that area while working on new problems.

• **Campaigns**—Besides specific solutions to nagging little problems, Power's office has started over-all programs for jobs formerly left to the operating company staffs. A big institutional advertising campaign tells the world that there's somebody in the telephone business besides Bell. Merchandising tries to encourage customers to upgrade their service from multi-party to single-party lines (about half the system is still on multi-party circuits). Merchandising also tries to get people to order more and fancier phones, and to use more special services such as long distance calls. As proof that this can work, Power points to last year's new telephone additions—192,000—the greatest increase percentagewise in the system's history.

II. Meshing Gary

To dovetail the Gary organization into this smoothly running team at first looked like a tough, one-to-two-year job. As it turned out, the companies fitted together better than Power had hoped. The meshing moved so fast that this week—four months after the merger—Power could announce full integration of the management staffs of the two companies.

One reason for the smoothness was that Power deliberately left a number of key slots open for Gary men to step into when the merger went through. Of 25 top Gary executives, 10 were over General's mandatory retirement age of 65. Several preferred to stay in Chicago, where Gary had been based. For the 12 who wanted to come to General, Power made realistic provision before the merger was consummated. Thus, Gary's chief engineer became General's chief engineer; Gary's secretary—in his 40's—became General's assistant secretary, backstopping General's secretary, who had only four years to go before retirement. And Gary's top manufacturing executive now heads all manufacturing operations.

Even though the management of the Gary directory company has been collapsed into General's, the sales and listing staffs of both groups are left intact. These staffs operate along their own circuits, don't overlap except at administrative levels.

• **Identification**—For closer identification, the names of all the companies were changed to General Telephone Co. of their state. Eventually, this will apply to the Gary companies, too.

The physical and geographical integration of eight Gary telephone companies begins in a few weeks. The welding of these companies had to wait, because Gary—a holding company—owned only 51% of Continental Telephone Co., which in turn owned 18 of Gary's operating components. Among the 18 are the companies that lay side by side with the General companies. By law, General must own 66⅔% of Continental's stock before it can physically tie its companies into Gary's. But the management of these companies has now been merged.

With the mechanical details of integration behind him, Power now has the job of making his bigger, tighter corporation realize its full growth potential. More important, Power feels that with his management team in hand and manufacturing increased he can appreciably step up the speed with which General can grow. The company plans to spend $500-million over the next three years for additions to plant, $133-million of it this year. So, high on the agenda at the annual meeting three weeks hence will be a proposal asking stockholders to O.K. the issuing of $55-million in convertible debentures. The money will go for 1956 expansion. Power feels that he has laid the groundwork, and the rest will come. For one thing, a growing population insures a measure of growth; and the shifts both from urban to suburban homes, and into Southern and Western states where General strings many of its lines, play into Power's hands.

On top of this are four very tangible factors:

• The increasing willingness of consumers to spend their disposable income for more telephone service.

• The income from General's manufacturing arm—whose backlog at the end of January was $117-million. Also, return on investment should be higher from manufacturing operations than from the regulated telephone operations.

• The possibility that atomic power will create new markets for telephone service and equipment in depressed foreign areas (General has both plants and companies overseas).

• The increasing rate at which small independent telephone companies are selling out.

From all these, Power says, "I think General will be the natural beneficiary."

MANAGEMENT BRIEFS

Know your computer: American Management Assn. is distributing four 18-min. movies that explain in nontechnical terms how an electronic computer works, and how to get the most out of it. Price for the package, including two long-playing records and a conference kit, is $95 to AMA members, $110 for nonmembers.

•

Textron American, Inc., which last year rang up sales of $189-million, now plans to buy Campbell, Wyant & Cannon Foundry Co. of Muskegon, Mich., for $15.5-million. If the stockholders of the grey iron and steel castings company approve the sale, it will push Textron's total sales potential close to $280-million this year. Campbell, Wyant's sales for 1955 totaled $34.6-million.

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Montgomery Ward director Bernice Fitz-Gibbon will retire when her term expires in April. Miss Fitz-Gibbon is the second of Louis E. Wolfson's two lieutenants on the board to quit; Alexander Rittmaster, the other, resigned in late February.

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A new study of how 14 major companies reach decisions on capital investments has just been published by the University of Illinois' Bureau of Economic & Business Research. The study is part of the bureau's three-year project to examine business planning and expectations.

•

Cornell University's Graduate School of Business & Public Administration has started publication of a new journal, the Administrative Quarterly.

A partner's death dissolves a partnership ... but it needn't dissolve the business!



By law, a partnership is usually dissolved when one of the partners dies. The business itself, however, need not be liquidated immediately. It can be reorganized—and continue to thrive.

But all too often, the business also succumbs to the *complications* that follow the death of a partner.

In some instances, the heirs are disinterested relatives who insist on selling out. In other instances, relatives who consider themselves capable try to step in and run the business their own way. In either case, all you have built is quickly torn down.

You can avert these difficulties by taking two simple precautions. First, ask your attorney to draw up a Buy and Sell Agreement for the purchase of a partner's share in the event of death. Then call in The Travelers man for *Partnership-Life* insurance to provide *money* for the purchase.

You'll find that *Partnership-Life* costs less than the interest alone on what you would have to borrow (*if* you could borrow it!) to purchase the deceased partner's share.

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INTERNATIONAL OUTLOOK

BUSINESS WEEK
MAR. 24, 1956



Three years ago Stalin was buried by his heirs as a god. Now these men are turning him into a devil.

The transformation is causing a turmoil in Russia and throughout the Communist world. It may lead ultimately to basic changes in the Soviet setup—even to the eclipse of the Communist party's monopoly on power.

The whole affair is still somewhat hazy. But this much of the story has reached the outside world:

When the 20th Communist Congress opened Feb. 15, party boss Nikita Khrushchev apparently had no intention of completely blackening the image of Stalin. In opening up the Congress he asked the delegates to rise in honor of Stalin's memory

In his keynote speech, Khrushchev did no more than criticize Stalin for his personal rule and his failure to live by Lenin's principle of collective leadership. It seems that it was only after First Deputy Premier Anastas Mikoyan opened up on Stalin that Khrushchev decided to make an off-the-record expose—the one that has reached the notice of the West in the past week.

This—plus other evidence—strongly suggests that Khrushchev somehow was forced to tell the truth about Stalin's crimes—perhaps under pressure from the Red Army and the industrial bureaucracy.

In any case, Khrushchev's tale now is being spread in every cell of the Communist party. It undoubtedly is creating confusion, especially among the young Communists who were raised on the gospel of Stalin.

There is disagreement among Western experts of the Soviet on what the consequences will be. **But it seems reasonably clear that a new chapter is opening in Soviet history**—one that may produce these results:

• **A decline, and probably a sharp one, in the prestige and power of the Communist party,** which seemed to be at its peak when the Congress opened. This could lead to factional fighting from the top to the bottom of the party, something that hasn't happened for 25 years.

• **A stronger position for the Red Army** and the industrial bureaucracy. These two groups came through the Stalin regime with the cleanest hands.

• **A growing distrust of the oligarchy** now ruling Russia. This group of a dozen or so has already lost the blind confidence of the people—which is essential to a totalitarian dictatorship. To make up for this, it may be forced to make concessions to popular pressures—for example to meet the demand for more consumer goods and higher wages. If the Kremlin starts on this path, it may have to keep going—regardless of its own ideas as to the requirements of a state-controlled economy.

• **Trouble for foreign Communist parties.** Both in Eastern and Western Europe it will be much harder for Communist leaders to implement the policy of flexible tactics that Khrushchev outlined at the Congress. Asia is the only area outside Russia where the debunking of Stalin is likely to help the Soviet cause much.

—•—

Harried Commerce Dept. officials—under attack by Congressional critics for the way the strategic blockade of the Communist bloc is being enforced—have two new problems:

• Pressure is increasing from West Europe—particularly British and West German manufacturers—to lift the embargo on non-military goods to Communist China.

• American companies are lobbying for relaxation of some controls. Dresser Industries, Inc., a U.S. company that recently negotiated a deal with the Russians for rights to a turbine-type oilwell drill (BW—Mar.10'56, p169) is lobbying for the right to sell certain products for the Russians.

The fresh pressure from Europe is coming mostly from London. British manufacturers are getting inquiries from the Chinese Reds for agricultural machinery to be used to carry out Peking's collectivization campaign. Massey-Harris-Ferguson estimates the Chinese will want to buy 1.4-million tractors during the next 12 years—nearly $1.7-billion worth. That's obviously too much. But some Chinese orders are certain if the bars are lowered—and the British say if they don't get the business, the West Germans will.

Commerce officials think now that the U.S. will have to go along with this relaxation. If we don't, they figure, the whole idea of a strategic blockade will collapse. Commerce officials are suggesting that we might be willing to scrap the least strategic third of the list. That would include agricultural machinery.

The Dresser case is more complicated. There's no doubt the Russians have a tool we want. But in exchange **they want the latest technical information on how we make high grade alloy steels for drill bits.** That's a closely guarded secret that has given American drill rig and bit manufacturers a postwar advantage all over the world.

Furthermore, oil is such a strategic commodity that anything related to it falls into a top-priority category. Present thinking in Commerce is that Dresser will get a definite turndown.

—•—

Western private enterprise would play a bigger role in meeting the Soviet economic offensive in underdeveloped areas if West Germany's Alfred Krupp had his way. Krupp has presented a plan to Washington to set up an international syndicate of western industrial firms to channel capital, technical skills, and management knowhow into the Middle East, Africa, and Asia. Low-interest credit would be provided by Western governments—particularly the U.S.

Washington has reservations about Krupp's plan. U.S. officials see the possibility that U.S. industry would squawk if U.S. government funds were used to finance competition abroad.

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Prospects have brightened for Pres. Eisenhower's "Atoms for Peace" proposal made to the U.N. two years ago. General agreement was reached on a plan for an International Atomic Energy Agency at the 12-nation conference in Washington which has just closed up shop.

The Russians surprised the West and went along with U.S.-sponsored provisions for supervision and control. They also dropped their proposal to put the agency under the Security Council—where they would have a veto.

The proposal now goes back to the U.N. If it goes through, it will set up a clearing house for atomic information and technicians by mid-1957.

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In Washington

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Multi-billion Highway Plan Heads Into First Big Test

The proposed multi-billion-dollar highway building program is coming up against its first real legislative hurdle—approval or rejection by the House.

Next week the full Public Works Committee will be looking over details of the bill approved by a subcommittee that has been thrashing out compromises. Here's what they'll see:

• Total spending—to be financed out of highway use taxes over a 16-year period—around $38-billion. The federal government would put up about 90¢ of every dollar spent on the 40,000-mile interstate network. The traditional 50-50 federal-state sharing of costs would apply on other roads getting federal aid.

• Higher taxes on gasoline and diesel fuel, tires, retread rubber, trucks, buses, trailers. Trucks weighing over 13 tons would also pay a special federal license fee of $1.50 per 1,000 lb.

The tax rises are likely to cause most trouble—but other controversial provisions could hold up approval at this session of Congress. Among them:

• Reimbursing states for toll highways that can be made part of the interstate system (right now, this is not in the bill).

• Paying utilities for part of their cost of moving lines and equipment.

• Requiring federal fixing of construction wage rates on the interstate system.

• Applying specific size-weight limitations to trucks using the new interstate system.

• Guaranteeing state bonds issued to finance supplemental roads, bridges, or tunnels O.K.'d by Washington.

• • •

Farm Bill Turns Into Catch-All; Democrats See President on Spot

The Senate version of what new farm legislation should be was finally wrapped up Monday night after almost a month's floor debate. Scores of amendments were voted on, and enough passed to make the measure a real hodge-podge.

Here's what happened: After winning what appeared to be a decisive early vote for flexible price supports in general, Eisenhower supporters lost out on amendment after amendment designed to bolster up, through one device or another, the actual support levels on crop after crop.

Some of the provisions:

• "Set-asides" would be increased, so that huge amounts of government-held corn, wheat, and cotton wouldn't be counted in carryovers in fixing price-support levels.

This would raise this year's supports substantially. So would a provision for use of either of two parity formulas.

• The Administration's voluntary soil bank plan, for payments to farmers for taking crop land out of production, would be made mandatory next year. A voluntary program could be used this year—but it's doubtful if there's time left for much, if any, program.

• Corn acreage allotments would go up from 43-million to 51-million acres. Cotton acreage couldn't be cut in 1957 and 1958 below 1956's 17.4-million acres.

• Two-price systems for wheat and rice would mean supporting wheat for domestic human consumption at 100% of parity, rice at 90%.

• Ceilings would be put for the first time on subsidy payments and crop loans to individuals.

Democrats think they are politically one-up on the Administration and Agriculture Secy. Ezra T. Benson. If Eisenhower signs the final bill, they'll take credit for putting more federal money in farmers' pockets. If he vetoes, they'll say he prevented farm relief this year.

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Too Many Pins Make a Monopoly, FTC Charges in Scovill Case

Pin money is not incidental enough to escape the reach of the antitrust laws—not, at least, when it's money that comes from selling pins.

In a new antimerger case this week, the Federal Trade Commission charges that last April's acquisition of De Long Hook & Eye Co., Philadelphia, by Scovill Mfg. Co., Waterbury, Conn., eliminates a principal competitor. FTC also charges that it may create a monopoly in manufacture and sale of safety pins and ordinary straight pins.

FTC says Scovill's $3-million 1954 pin sales make it the country's No. 1 pin manufacturer. FTC puts down De Long, with only $777,000 in sales in the year it was acquired, as one of the biggest pin makers. Scovill also makes finished metal products for the automotive, radio, rubber, refrigeration, and cosmetic industries; its pin sales were a fraction of total 1954 sales of $110-million. De Long sold $1-million worth of other products, such as hook and eye fasteners and bobby pins.

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TV Gets New Set of Probers —With FCC as Target, Too

A House small business subcommittee under Rep. Joe L. Evins (D-Tenn.) got into the television industry probe free-for-all this week. It has a political angle—to find out whether the Federal Communications Commission bounced staff career men after the Republicans took over in 1953 to make way for political appointees.

Evins also says he has complaints that FCC has favored telecasters already in business and supported by networks over independents trying to break in. Many of the complaints come from ultra high frequency telecasters, who charge FCC and the nets with killing UHF's future.

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FENCE

Who Owns Historic Papers?

Is it the government for whom they are drawn, or is it the office-holder who writes them? A federal court is about to issue a precedent-making decision.

Sometime in the next few weeks, Judge Gunnar H. Nordbye of U.S. District Court in Minneapolis will hand down a historic decision—historic in two ways:

• It will decide ownership of historic papers, newly discovered notes of the Lewis & Clark Expedition that explored the Louisiana Purchase.

• It may set a precedent for whether documents belong to the government or to the man in office.

The importance of the case doesn't lie in the dollar value of the 67 pieces of manuscript—they are appraised at between $15,000 and $50,000, depending on how badly a collector wanted them. Instead, it is the fact that this is believed to be the first time the federal government has ever used legal force in an attempt to take custody of such papers.

I. Treasure Trove

The Lewis & Clark papers came to light a little over three years ago. Wrapped in a 150-year-old copy of the National Intelligencer, a newspaper of the Jefferson era, they were found in the old Burnside Foster home in St. Paul, in a desk once owned by Civil War Gen. John Henry Hammond, father of Mrs. Foster.

The yellowed sheets are dated from December, 1803, to April 1805, including seven weeks at the start for which no other records exist. They deal with preparations near St. Louis and details of the first 1,600 mi. of the trip up the Missouri River. Most of the handwriting is Capt. William Clark's, with a few notes by Capt. Meriwether Lewis.

"The greatest discovery of its kind for decades," the Minnesota Historical Society called the papers.

• **Mystery Story**—Exactly what's in the manuscripts is still a mystery to the public, for they were kept secret at the District Court trial. To preserve the value of publication rights, Judge Nordbye cleared the courtroom whenever it became necessary to read passages during testimony.

Another mystery is how Gen. Hammond acquired the papers originally. The likeliest theory is that he came across them when, as superintendent of Indian affairs, he closed out an Indian affairs office at Lawrence, Kan., in 1878. Capt. Clark had been Indian affairs superintendent at St. Louis; after his death in 1838, his office had been moved to St. Joseph, then to Atchison, and finally to Lawrence. When he dismantled the Lawrence office, Gen. Hammond sent a large shipment of records to Washington, including a couple of Lewis & Clark maps.

• **Complicated Fight**—Shortly after relatives of Mrs. Foster had turned the papers over to the historical society for study, the First Trust Co. of St. Paul filed a suit in Ramsey County court in behalf of Mrs. Foster's estate. Other plaintiffs and other defendants, including heirs of another generation, were brought into the case, which was further complicated when the U.S. government intervened. The action was then transferred to federal court.

Apparently the government moved only when it looked as if the papers might never be transferred permanently to the Minnesota Historical Society, as one or two of the heirs seemed to wish. The National Archives opposed the dispersal of the papers, as might happen in a sale to collectors.

II. The Issue

Custody of the papers can hardly be decided without judgment on whether they are official reports or private notes.

• **Government's Claim**—Pres. Thomas Jefferson was the government's star witness, testifying through letters.

On June 3, 1803, he addressed Lewis and Clark as their commander-in-chief, ordering them to make accurate and detailed reports to the war office. "Several copies of these, as well as your other notes, should be made at leisure times," he said, urging them to duplicate their memoranda to guard against loss during the expedition.

"A further guard," wrote Jefferson, "would be that one of these copies be on the cuticular membranes of the paper-birch, as less liable to injury from damp than common paper."

In any event, the orders concluded: "On re-entering the United States and reaching a place of safety, repair yourself, with your papers, to the seat of government."

Jefferson was interested in publication of the expedition's notes, but the project fell through. In April, 1816, Jefferson wrote: "They are the property of the government . . . but we were willing to give Lewis and Clark whatever pecuniary benefits might be derived from publication, and therefore left the

papers in their hands." He went on to urge that the government try to recover the papers.

• **Private Claim**—The private parties in the case agree in contending that the papers were part of Clark's private journal. If the government's claim is thumbed down by the court, the Minnesota Historical Society and the Hammond-Foster heirs will be free to contend in Ramsey County court for ownership of the manuscripts.

Among the witnesses opposing the government's case was Robert E. Metzdorf, curator of manuscripts at Yale University and secretary of the Manuscript Society's emergency committee. The committee was organized to meet what private archivists term "a head-on threat to all public and private collections of manuscripts in America."

In a magazine article, the Manuscript Society's president, Richard Mass, voiced the fear that "if the federal action is sustained, no manuscript holdings, irrespective of size, would be immune from specific seizure."

III. Federal Law

The law defining federal records makes no attempt to draw a line between what is an official document and what is a legitimate personal record of an office-holder. By custom, the doubt is always resolved in favor of the person.

Thus it was that Henry Morgenthau, Jr., Secretary of the Treasury under Franklin D. Roosevelt, took along a "diary" of 900 volumes when he left Washington. This stirred a brief but noisy outcry. The collection wound up in the Roosevelt Library at Hyde Park, but only because Morgenthau wanted it there.

• **Presidential Papers**—Last year, Congress passed a bill to allow the government to take over and maintain Presidential libraries of Harry Truman and Dwight Eisenhower; an earlier bill applied to the Hyde Park library. But these are permissive—not mandatory—laws, intended merely to encourage retired Presidents and their heirs to keep their papers intact. Personal papers of many past Presidents have been permanently lost, burned by their owners or legatees as throwing an unfavorable light on history.

• **Expeditions**—When does something originated while on a public mission become personal property? No one has the answer, though the government has specifically taken title to papers and records of the present Byrd Antarctic Expedition and its predecessor.

The trick is to arrive at a definition that will stand up in court. The Justice Dept., the Budget Bureau, and the National Archives have studied that question in vain. **END**

CORPORATE YARDSTICKS

— factors which contribute to corporate strength, as cited by leading security analysts



STEPHEN L. JOSEPH has been, for the last several years, Manager of Research and Supervisory Departments of Bache & Company and is now engaged in special investment activities. He is a member of the executive committee of The New York Society of Security Analysts.

Mr. Joseph says: "A well-conceived research and development program, realistically aligned to a company's present product lines and imaginatively oriented to explore those fields which would contribute to the realization of maximum profits in the year ahead—this, I regard as an important corporate yardstick."

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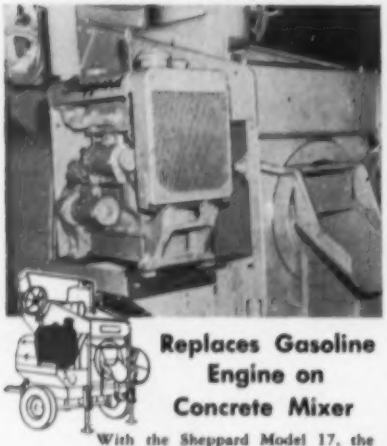
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Teamsters Vice-Pres. Jimmy Hoffa is gaining in strength.

Power Struggle Adds To Truckers' Woes

Dave Beck is wielding the gavel at the Brotherhood of Teamsters executive board meeting opening in Honolulu late this week. But the president of the powerful truckers' union shares the spotlight with James R. Hoffa, the Teamsters' ninth vice-president and possibly its most powerful officer today.

The meeting will be highly important, regardless of what comes out of it in the way of concrete decisions. A full and troublesome agenda faces the 11-man board. Controversial policy issues must be settled. These could lead to power politics and conflict; they could vitally affect Beck's future and the Teamsters' role in the newly united AFL-CIO.

• **Beck's Position**—Normally, the tenure of a union president is safe. Once he gets into office, he can look forward to remaining in it until his voluntary retirement at a ripe old age.

Beck, now 61, is still an active, vocal, and aggressive union leader. The one-time Seattle laundry driver, who rose through the ranks to become head of his 1.4-million member union, remains powerful—and controversial. Nevertheless, within the Teamsters it's almost taken for granted that Beck not only is nearing the end of his first term as head of the union, but the end of his reign as well.

The man responsible for Beck's shaky position is Hoffa, 42, Detroit Teamsters leader, who is now the real power center in the massive trucking and warehousing union.

What has happened to Beck and the union he has run since late 1952 is a lesson in union power politics and how it can affect a union's relations with employers and the rest of labor.

• **Climb To Power**—Beck loomed as the strongest labor leader in America



The union's president, Dave Beck, is not ready to relinquish his post without a fight.

at the last Teamsters convention when he maneuvered himself into the union's presidency. But the strategy Beck used to get the job could now boomerang on him. The late Dan Tobin wasn't ready to bow out of the presidency in 1952 to make way for the militant, powerful, and ambitious Beck. But Beck won Hoffa's support, and Tobin agreed to retire. In recognition of past services, he was made adviser to the union.

• **The Challenger**—Now, Hoffa is the fast-stepping, aggressive, and ambitious comer in the Teamsters. Hoffa virtually runs the Teamsters—he has instigated all the dramatic and far-reaching moves by the union over the past year. But he has complained privately that Beck holds him in check, that the union might move ahead faster—into industry-wide bargaining in the trucking industry, for instance—if Beck stepped aside. The talk, echoed by a pro-Hoffa bloc in the union, has increased since Tobin's death. The suggestion is made that Beck step into Tobin's shoes as a Teamsters "elder statesman."

Beck today is no more in the mood to step aside than Tobin was before him. But unlike Tobin, he still has the power to fight against being pushed into a back seat. This may delay, or even avert, a showdown.

When Beck assumed the Teamsters presidency in 1952, he set about centralizing the union. He formed four geographical conferences covering the entire country to coordinate bargaining. He also set up 15 separate jurisdictional units, including warehouse, brewery, taxi, cannery, and bakery divisions.

This was an administrative master stroke. But it had unexpected consequences.

• **Hoffa's Strength**—Beck named Hoffa, centered in Detroit, as head of the new Central States Conference as well as a Teamsters vice-president. It was a move designed to cement authority in the international union offices.

Hoffa made sure of his position in the Central States Conference. Then he extended his leadership into the Southern States Conference, taking over negotiations in both. Next he moved into the East, stirring up some local storms in New York and Philadelphia.

In New York, Hoffa stepped into the bargaining situation and finally threw his support to John O'Rourke, a New York Teamsters local leader, in a challenge for the Joint Council presidency held by Martin Lacey.

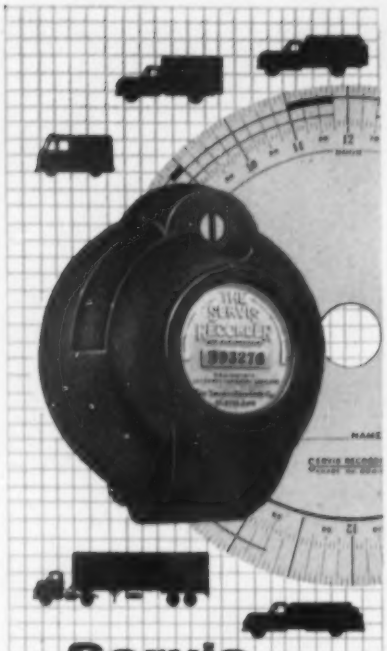
• **Disputed Election**—Lacey called on Beck to intervene in the New York contest, charging that the Hoffa-supported ticket was allied with "underworld forces making a determined effort to capture control" of the 120,000-member Joint Council. He pointed to seven local union charters issued by the Teamsters to John (Johnny Dio) Dio Guardia, a convicted extortionist.

Beck refused to intervene, although he said he would determine the validity of the votes cast by the Dio locals if the election vote was close. The O'Rourke ticket won, but enough O'Rourke votes were challenged—and held up—to delay and possibly change the outcome of the election. A fight over the locals' votes will be one of the hottest issues before the Teamsters executive board in Honolulu.

• **More Troubles**—Beck must face up to other troubles, too. Among them:

• Whether a $400,000 loan to the International Longshoremen's Assn. is to go through even at the risk of Teamsters' expulsion from AFL-CIO. Hoffa proposed the loan as part of a joint working alliance between the truckers' union and the longshoremen. AFL-CIO strongly criticized the move.

• Whether the Teamsters will go



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ahead with a mutual aid pact with the Mine, Mill & Smelter Workers, expelled from CIO six years ago on charges of Communist domination. The United Steelworkers is battling MMSW over bargaining rights in the non-ferrous industry. Teamsters aid for the mine-mill union would strain further relations between the truckers' union and former CIO affiliates.

• Deteriorating relations with AFL-CIO. In addition to its dealings with ILA and MMSW, the Teamsters have angered AFL-CIO by (1) refusing to sign a no-raiding pact and flouting other AFL-CIO union jurisdictions, (2) refusing to participate in AFL-CIO plans for organizing drives and political action; and (3) by resisting mergers of AFL and CIO state organizations. So serious is the situation that a spokesman for AFL-CIO this week said an emergency meeting of the federation's executive council may be held.

AFL-CIO opposition stalled both the loan to ILA and the pact with MMSW, but the delay may be only temporary. Hoffa has indicated that he would ask the Teamsters' executive board to approve the loan. He added that he would "support Beck" if the board's decision should force a showdown with AFL-CIO.

• **Internal Problems**—The executive board in Honolulu faces other internal problems, including a number of Beck's own making. One involves the refusal of Teamster Secy.-Treas. John English—revered throughout the union ranks as "Mr. Teamster"—to sign checks for the union's purchase of furniture in Beck's Seattle home for $100,000.

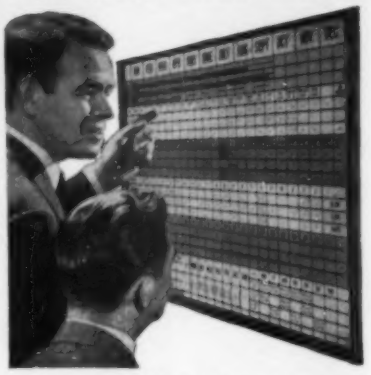
Seven months ago, Beck arranged for the sale of his lakefront home to the union for $163,000, with the provision that he could occupy it rent-free and expense-free since he maintains a staff and conducts union business there.

English refused to approve a similar deal for the furniture, although Beck supposedly had unanimous backing of the executive board—polled by telephone. If Beck presses this issue, a split between Beck and English forces may result.

• **Other Gripes**—There have been grumblings at Teamsters' headquarters over other Beck moves, including his appointment of five $20,000-a-year organizers. Four of the organizers come from Beck's Seattle territory, including the lawyer who handled the house sale. And there have been complaints that Beck, in his penchant for business associations, has spoken to so many business groups that he has lost close touch with his own union.

A union president always expects some opposition, but he can usually beat it down or at least hold it in check. Beck, however, appears to have operated on the theory that if you leave the

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opposition alone it will go away. Instead, it has swelled.

But there is some question as to just how menacing this opposition is to Beck right now. It has no central official to group around except Hoffa. And many strong Teamsters leaders are more wary of Hoffa than they are dissatisfied with Beck. Most of the vice-presidents, including William A. Lee of Chicago, give Hoffa short shrift.

• **Diminishing Respectability**—In large part, this wariness of Hoffa appears based on his reputation for associating with racketeering elements, and on his business-union tie-ups. Partly because of the first factor, Beck appears to have failed to reach one goal set in the first days of his presidency: increased respectability for the Teamsters and himself. If anything, the Teamsters have gone the other way. Names of their officials continually pop up in Congressional welfare fund investigations.

• **Hoffa's Connections**—If Hoffa has any concern over increased respectability for the Teamsters he has not showed it. The short and stocky leader, a one-time grocery-dock worker who now travels by chauffeur-driven Cadillac and private plane, has been investigated by several Congressional groups for his shadowy connections. His reported private business deals, numerous and successful, have been eyed skeptically. These include part ownership of a brewery, a piece of a race track, and an interest in an oil prospecting firm and an investment house. Just last week, the New York State Insurance Dept. criticized the multi-million-dollar Teamsters welfare fund policies written by a firm headed by a friend and business associate of Hoffa.

• **Tireless Unionist**—But if Hoffa has a cynical disregard for labor's reputation, he also has made name for himself as a top organizer and negotiator—a man with tireless energy who would build the Teamsters into a mass transportation union controlling almost everything that moves.

Because of this, he is regarded with mixed opinions in management ranks. An attorney whose Detroit firm represents several large truckers' associations is working with the Teamsters there for a testimonial dinner for Hoffa—at $100 a plate. The attorney, Carney Matheson, says that in spite of "all the stories, the trucking industry thinks a great deal of Jimmy Hoffa. He's tough but we respect him. We think he's one of the most forward-looking labor leaders."

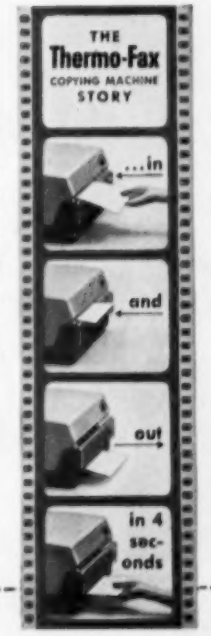
But in New York and Philadelphia, many employers are watching Hoffa's moves into the East with considerable anxiety. Joseph M. Adelizzi, principal spokesman for the trucking industry in New York, warned recently that "the fight for power in the Teamsters" threatens the industry. **END**

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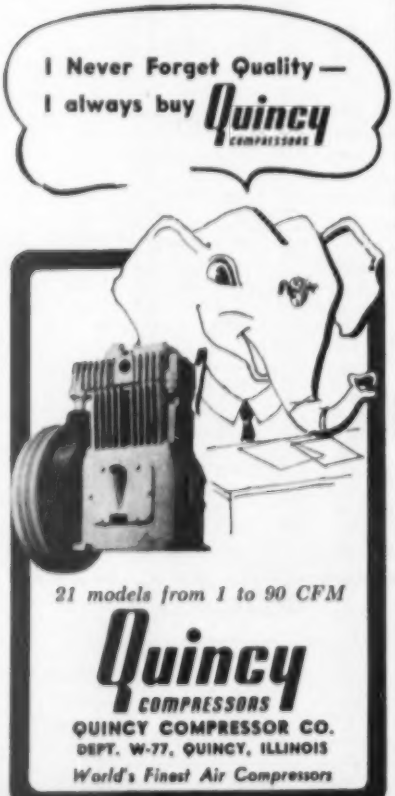


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At Westinghouse: A New Start

Government mediators hope the company's partial acceptance of arbitration will be the beginning of more harmonious relations with IUE.

Westinghouse Electric Corp. strikers began returning to jobs late this week under a new contract, which, it was hoped, would open a new and more harmonious chapter in the company's relations with AFL-CIO's electrical manufacturing union.

The corporation and the International Union of Electrical Workers came to terms at midweek on an agreement that ends a 156-day walkout of 44,000 unionists. But the bitterness and hostility reflected for months at the bargaining table was still evident—even the relief of getting back to work didn't overcome it (page 28). The tension built up in months of futile negotiations isn't likely to subside quickly.

• **Chance for New Start**—However, the government mediation panel kept the deteriorated relations between Westinghouse and IUE in mind when it drafted the contract terms that now have been accepted. Included are provisions intended to revamp the whole concept of bargaining between corporation and IUE that had proved, for the most part, unsatisfactory in recent years.

The agreement offers an opportunity for a new beginning. It may take longer than the five strife-filled months of the Westinghouse strike for the opportunity to be fully exploited. But federal mediators feel that in time improved relations will develop.

Specifically, the Westinghouse contract terms just about match—in duration and costs—those in the agreement reached last year between the corporation's competitor, General Electric Co., and IUE. These are the key points:

• **Length of Contract**—Westinghouse and IUE settled on a contract that runs five years (as does GE's) from Oct. 15, 1955, the reopening date on which the recent bargaining was based. The national contract can be opened twice before its October, 1960, expiration—in 1957 to discuss noneconomic matters, with IUE having no right to strike; and in 1958 to discuss a guaranteed annual wage, with IUE given the right to strike on that issue.

Local plant contracts can be reopened once a year for separate negotiations on local wage rates and other supplementary agreements—and the local is given the right to strike.

• **Wages**—The agreement calls for an annual 3% pay increase, with a minimum of 5¢ an hour. The total increase over the five-year period will be upwards of 25¢ an hour. In addition, wages of skilled workers are advanced up to 12¢ an hour now. Wages will be adjusted to changes in the cost of living every three months.

• **Fringes**—Pension, insurance, and health and welfare benefits are increased. For example, the company pension payment is raised from $1.70 to $2.25 a month for each year of service. The company also agreed to assume the entire cost of personal insurance for its employees in November, 1958.

• **Time Studies**—Westinghouse is is authorized to conduct time studies of all day workers. Once these have been made, the company may set production standards on direct production jobs, but not on service-type jobs. Any grievances arising from production standards set for day workers are subject to arbitration. Company proposals to shift incentive-pay workers to day-workers status—with possible changes in wages—will be subject to agreement with the union, in advance.

• **Discharges**—Thirty-six employees of 93 fired for alleged violence during the strike are given indefinite suspensions. Their cases are to be screened by Westinghouse and union officials at the plants where they have been employed. If no agrement can be reached, their cases are to go to arbitration. The other 57 strikers who were fired during the walkout won full reinstatement.

The one big difference in these terms and those rejected by IUE earlier this month involved the disposition of the cases of the 36 discharged workers. The final terms represent a compromise between what was first proposed—national arbitration of all 36 cases—and what IUE wanted, reinstatement for all of them. And, on another point, the union won what it considers to be stronger assurances that its members won't lose anything as a result of Westinghouse time studies.

• **Give and Take**—Over-all, while the union claimed a victory, the strike settlement was pretty much of a compromise. The corporation won its demand for a contract that would match that of its competitor, GE, and the right to revise outdated job practices through time studies and job evaluations. IUE, in turn, got an important concession from management when Westinghouse accepted arbitration for the first time.

There was little dispute, from the

start, over economic terms—wages and fringes. The conflict over length of contract was ironed out more than a month ago, in agreement over a five-year pact with the two national reopenings. Some give even showed up in the opposing parties' positions on time studies.

• **The Big Obstacle**—The problem was increasingly one of getting the parties together in an agreement to accept and work with one another. Government mediators tackled this, seeking not only to end the long and bitter walkout, but also to lessen the possibilities of future strife.

As they saw it, the key was arbitration, accepted by most major employers, but still resisted by Westinghouse. The federal panel pressured the company to change its position that arbitration was an unacceptable form of outside intervention in management authority. The mediators stressed that Westinghouse complained of numerous wildcat strikes in the past, and that many possibly could have been avoided if there had been arbitration as a last step in handling stubborn grievances. The Westinghouse management went part of the way in accepting arbitration, and mediators believe this will improve relations with the union.

• **Local Level Talks**—The federal mediators also suggested clauses that should make for more contact and discussion of issues between local plant management and union officials. Frequently in the past, these have resulted in wildcat stoppages. In the future, with the agreement on once-a-year local bargaining on these issues, sporadic stoppages are expected to be kept down.

The Westinghouse settlement with IUE did not end all of the corporation's strike problems. The smaller United Electrical Workers (Ind.), which represents 10,000 strikers in ten plants, still hadn't reached an agreement with management at midweek.

SUB: To Stabilize or Upset?

Executive of can company doubts SUB'S value in steadying employment. Companies that used to carry workers through slack times may now lay them off.

Unions intent on extending supplementary unemployment benefit plans in industry have a common argument: They are primarily interested in SUB as a means of inducing employers to stabilize jobs, they say; they add that they will be "happiest when no SUB benefits are paid out."

However, management in one of the industries that has pioneered in negotiating SUB plans has now raised an interesting question bearing on SUB's usefulness in preventing layoffs. The question is whether employers who in the past have kept employees on the job—at a cost—in slack seasons might not let them go now, letting them collect from otherwise untouchable SUB reserves.

• **Pertinent**—Such a question coming out of the can industry is particularly important just now. The United Steelworkers intend to ask the basic steel industry for a supplementation plan, presumably one patterned after USW-negotiated plans with Continental Can Co. and American Can Co. The union describes these as "among the best" in industry (BW—Mar.10'56,p145).

But, it now develops, there are doubts in Continental Can, at least, about the value of SUB plans as an employment stabilizer.

W. A. Lacke, industrial relations general manager for Continental, brought these out in an address at a recent management conference. He said that he "cannot help but feel that a funding arrangement such as ours . . . which will build up a fund adequate or more than adequate to pay for historically established unemployment could work against the stated objective of the union."

• **Effect on Planning**—Lacke pointed out that can manufacturing services a highly seasonal industry—canning and food processing—and thus is subject to fluctuating employment. Despite this, its record of employment has been relatively stable. This, he said, has resulted from management's advance planning.

On the basis of their sales forecasts, the can companies produce cans in the slack season to meet orders during the canning season. Layoffs are thus kept to a minimum.

This advance production, Lacke said, involves risks and added costs. Crop failures can knock sales forecasts out of kilter. Pre-season production also creates storage problems, and adds to stock handling costs.

Under the circumstances, Lacke says, some in the can industry now question whether it is good business to invest in pre-season production "based on a sales estimate which may not materialize . . . if the end result is merely to make sterile a greater portion of the trust fund than would be the case if we do nothing to reduce the number of employees who are laid off?" END

THE FINISHING TOUCH



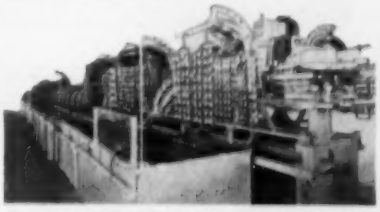
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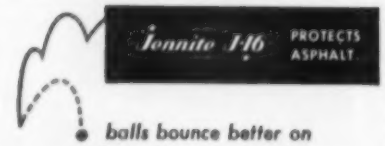
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In Labor

• • •

New York Official Urges That Mortgages Be Made Attractive to Union Welfare Funds

Plans for using part of the estimated $15-billion in trusteed or self-administered union welfare funds to help finance middle-income housing got another strong boost in New York last week. **State Housing Commissioner Joseph P. McMurray urged laws making investments in housing easier and more attractive for pension fund trustees.**

He proposed setting up a lending agency authorized by law to sell bonds to pension funds and to invest in mortgages for up to 90% of housing costs. The agency would be controlled by pension fund bondholders, under limited state supervision.

• • •

Hollywood Actors Win $80 Day for Now; Work Week Is Reduced to Five Days

Hollywood actors will come under new contract terms on Apr. 1—including, for the first time, a five-day week.

The new pact announced last week by the Screen Actors Guild and the Assn. of Motion Picture Producers has only curiosity value for businessmen accustomed to dealing with unions in a framework of cents-per-hour raises and routine plant conditions.

It provides, for instance, that bit players hired by the day are to get a $10 a day raise, to a minimum $80, with a further increase to $90 a day on Feb. 1, 1958. Those hired by the week will receive a $35 a week raise, to $285, and will be boosted again to $300 in two years. Other groups will get corresponding raises.

The new work week will be a five-day, 44-hour week in the studio, with premium pay for work on Saturdays or Sundays. In the past, the actors have worked a six-day, 48-hour week.

• • •

South Dakota Contractor Awarded Damages From Union That Picketed Unorganized Job

A South Dakota state court has awarded $23,177 in damages to a Sioux Falls electrical contractor—at the same time sharpening to a razor-edge the teeth in the state's "right to work" law.

The contractor (Baumgartner Electric Construction Co.) is a nonunion firm. When it began doing electrical installation work on a construction project, the International Brotherhood of Electrical Workers picketed the site. Workers belonging to other unions refused to cross the IBEW lines. Baumgartner's contract was withdrawn.

The company sued IBEW under South Dakota's law that bars compulsory unionism. Although the union pleaded that its contracts do not contain illegal union shop clauses, and that it was only picketing to "advertise" that Baumgartner did not employ union members, IBEW lost. A jury found it guilty of trying to force the contractor and his employees to accept a union contract. IBEW plans an appeal.

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Victor Calculator

This great Victor Mult-O-Matic combines the advantages of an adding machine with all those of a calculator . . . it gives you two machines in one! It prints every problem on tape . . . so you can record answers any time and check the accuracy of the figures you put into the machine.

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Manufacturers of Business Machines, Cash Registers, Business and Industrial Systems, Electronic Equipment, Electri-Cars



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The Selectivity the Averages Hide

THOUGH THIS YARDSTICK HIT THIS NEW PEAK MONDAY...

	Bull Market High	When Registered	Monday Level	Monday Level vs. Bull Mkt. High
Standard & Poor's 50-Daily Industrial Stock Price Index (1926=100)	517.1	Mar.'56	517.1	—
...ONLY 20 OF ITS COMPONENTS HAVE SET NEW HIGHS IN '56...				
American Smelting & Refining Co.	$59.00	Mar.'56	$59.00	—
American Tobacco Co.	84.12	Feb.'56	77.87	— 7.4%
Armour & Co.	20.50	Mar.'56	19.50	— 4.9
Burroughs Corp.	37.37	Mar.'56	36.25	— 3.0
Cincinnati Milling Machine Co.	45.00	Mar.'56	44.25	— 1.7
Dow Chemical Co.	71.50	Mar.'56	70.50	— 1.4
Goodyear Tire & Rubber Co.	72.37	Mar.'56	71.25	— 1.5
International Nickel Co.	91.50	Mar.'56	91.50	—
International Paper Co.	134.25	Mar.'56	134.25	—
Kennecott Copper Corp.	147.75	Mar.'56	146.25	— 1.0
Lone Star Cement Corp.	80.00	Mar.'56	76.25	— 4.7
May Department Stores	48.50	Mar.'56	47.50	— 2.1
Standard Brands, Inc.	43.87	Jan. '56	41.12	— 1.3
Standard Oil Co. (California)	99.25	Mar.'56	98.12	— 1.1
Standard Oil Co. (New Jersey)	57.25	Mar.'56	57.25	—
Texas Co.	127.37	Mar.'56	127.37	—
Union Carbide & Carbon Corp.	120.75	Mar.'56	119.75	— 0.8
United States Gypsum Co.	72.00	Mar.'56	71.00	— 1.4
United States Rubber Co.	60.00	Mar.'56	58.75	— 2.1
Westinghouse Air Brake Co.	33.87	Mar.'56	32.87	— 3.0
...24 HIT THEIR PEAKS BACK IN '55..				
Allied Chemical & Dye Corp.	$122.75	Jul. '55	$118.00	— 3.8%
American Airlines, Inc.	29.12	Jun. '55	26.12	— 10.3
American Radiator & Standard Sanitary	27.37	Jun. '55	24.00	— 12.3
Bethlehem Steel Corp.	169.50	Dec.'55	162.12	— 4.4
Chrysler Corp.	101.50	Nov.'55	80.00	— 21.2
C.I.T. Financial Corp.	50.37	Feb.'55	46.00	— 8.6
Commercial Credit Co.	57.75	Jun. '55	51.25	— 11.3
Eastman Kodak Co.	87.87	Nov.'55	86.50	— 1.6
General Foods Corp.	96.25	Dec.'55	92.12	— 4.3
General Motors Corp.	54.00	Nov.'55	49.12	— 9.0
International Harvester Co.	41.12	Jun. '55	37.62	— 8.5
Johns-Manville Co.	97.00	Feb.'55	96.00	— 1.0
Loew's Inc.	24.62	Aug.'55	23.75	— 3.5
Monsanto Chemical Co.	52.62	Jul. '55	51.00	— 3.1
National Cash Register Co.	47.00	Feb.'55	42.00	— 10.6
Radio Corp. of America	55.37	Jul. '55	48.75	— 12.0
St. Joseph Lead Co.	55.00	Jun. '55	52.00	— 5.5
Schenley Industries, Inc.	27.37	Jan. '55	22.00	— 19.7
Sears, Roebuck & Co.	40.25	Nov.'55	34.50	— 14.3
Twentieth Century-Fox Film Corp.	31.62	Jan. '55	25.62	— 19.0
Underwood Corp.	43.12	Jun. '55	36.00	— 16.5
United Aircraft Corp.	74.25	Dec.'55	71.75	— 3.4
United States Steel Corp.	62.25	Sept.'55	59.37	— 4.6
Westinghouse Electric Corp.	83.25	Feb.'55	65.37	— 21.5
...AND THE REST EVEN LONGER AGO.				
American Can Co.	$49.25	1954	$48.00	— 2.5%
Celanese Corp. of America	58.25	1951	19.12	— 67.2
National Biscuit Co.	45.87	1954	38.12	— 16.9
National Dairy Products Co.	44.75	1954	39.37	— 12.0
J. P. Stevens & Co., Inc.	49.37	1951	26.75	— 45.8
F. W. Woolworth Co.	54.75	1954	50.00	— 8.7

More Stragglers than Army

Until Wednesday's profit-taking took some steam out of the market it had pushed steadily upward for five trading weeks. This was the most sustained advance since the rise that began last August and continued to the eve of Pres. Eisenhower's heart attack. It pushed Standard & Poor's index of 50 industrial stocks up 13.6%, compared to its 10.5% advance from mid-August to Sept. 23 of last year.

One of the features of the rise—which has now progressed well past the historic 500-mark for Standard & Poor's industrial index—has been the leadership of the blue chip stocks. These high-grade equities milled about through the long stagnation period

from the November highs until just after the President said "Yes" last month. Now, bullish Wall Streeters point to the blue chips' resuscitation as a sure sign of bull market vigor.

• **Telling Quip**—Not everybody agrees, of course, as indicated by one trenchant crack made about the leadership of the blue chips: "Sure there's leadership—but not much followship." That quip sums up the outstanding characteristic of this bull market: Day by day, month by month, it's increasingly a market of stocks rather than a stock market.

Look at the table on the opposite page. Those are the 50 issues that make up S&P's industrial index. They tell the selectivity story in striking terms.

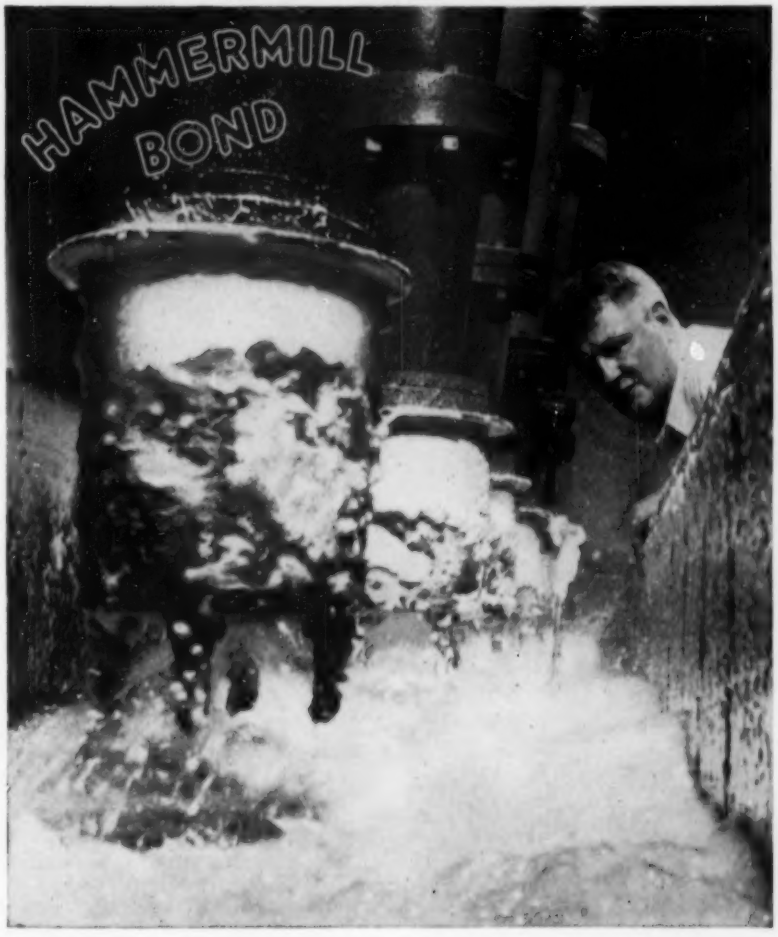
• **Issues vs Average**—When the average was scoring a new bull market high last Monday, only five issues of the 50 were at their bull market highs. All of these were "assets in the ground" issues—American Smelting & Refining Co., Texas Co., Standard Oil Co. (New Jersey), International Nickel Co., and International Paper Co.

Ten other issues were less than 3% away from their bull market peaks. But out of all the 50 issues, only 20 have struck their highs this year. Another 24 issues, including the steels, autos, and sales finance companies, enjoyed their sunniest bull market moments in 1955, with half of them hitting highs in the first six months of that year. The remaining six issues scored their highs some time ago, two of them as far back as 1951.

• **Masked Moves**—These aren't peculiarities of S&P's index, either. An even more classic example of how movements in the averages mask the selectivity of the market as a whole was seen in Dow-Jones' average of 30 industrials last Tuesday. After weaker prices through the first three and a half hours of trading the average strengthened, and closed 2.86 points above the previous day's close. But of the 30 stocks, only 13 showed plus signs on the day, and only six issues were up more than 62¢. Those six were responsible for the "average" showing a strong market. Actually, 527 issues closed lower than on the previous day, and only 453 scored any advance whatever.

• **Blockage**—Selectivity has been a big factor in preventing any strong advance in the so-called secondary issues. And the careful picking and choosing of these issues has taken on a speculative flavor. Traders are combing the list for stocks that seem "underpriced" or issues "behind the market." Moody's Stock Survey notes that "the speculative cap, which was foreseen as one of the stock market's possibilities, now seems to be becoming real, and it is likely to develop further." END

Another reason why Hammermill Bond prints better, types better, looks better



IT TOOK A HAMMERMILL INVENTION AND $500,000
—but now your Hammermill Bond is cleaner than ever

NOW YOU CAN sign your letters on Hammermill Bond with added pride.

Hammermill Bond has always been scrubbed cleaner than a small boy going to a party. On its half-mile trip through our plant the pulp is washed and screened and bleached and washed again. That's why in the past you've found so few specks to mar its brilliant blue-whiteness.

Now a Hammermill invention makes Hammermill Bond even cleaner than before. The equipment, shown above, gives our blended fibers one last "bath" just before they go on the papermaking machines.

The pulp fibers are pumped, whirling, into those cone-shaped pipes. The dirt particles, being heavier, are flung to the outside and carried away so they can never get into the paper. That white froth you see is actually "dirty" pulp. The clean fibers rise to the top, are piped immediately to the papermaking machine. There they become paper for the cleanest-looking letters you ever signed.

This invention took Hammermill four years to develop, half a million dollars to install; a huge investment just to make your Hammermill Bond "cleaner than clean."

Yet it's merely the newest in a long line of technological advances that make Hammermill Bond 1) *print* better—ask your printer, 2) *type* better—ask your secretary, 3) *look* better—see for yourself! Hammermill Paper Company, Erie, Pennsylvania.

Printers everywhere use Hammermill papers. Many display this shield.

—yet HAMMERMILL BOND costs no more

—and actually less than many other watermarked papers



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Wall St. Talks . . .

. . . about special situations . . . pension funds' power . . . steel rumors . . . "smart" deals on bank stocks.

Special situations are more than ever the rage. These are stocks that their sponsors claim have "interesting" long-term appreciation possibilities because of off-beat factors. Some of these factors: new product developments, mergers, diversification programs involving new—often strange—lines, suddenly discovered "hidden values," or "atomic age" potentialities.

Streeters aren't happy about increasing efforts to interest pension funds in the mortgage market. The reason is that purchases by pension funds—supposedly growing at a $3.5-billion yearly rate—have long been a mainstay of both the Treasury and corporate bond markets. So it's feared that if pension funds go heavily into the mortgage market, Treasury and corporate bonds—particularly high-grade corporates—will suffer.

North-of-the-border rumors have it that American steel interests are ready to shell out $180-million for control of Canada's Algoma Steel Corp. But those most frequently rumored as buyers—Bethlehem and Inland Steel—flatly deny they are interested in the property.

Banking on loans: Streeters think "smart" buyers had a lot to do with the unusual price strength that New York bank stocks showed last week. The buying was based on beliefs that the current record demand for business loans is bound to continue and will soon touch off another rise in the local, 3½% "prime rate."

Dwindling prices and swollen inventories still plague the municipal bond market. Dealers have had to cut prices to move recent new issues. And so Dow-Jones municipal bond yield index (which moves inversely to prices) now stands at a 1956 high of 2.59%. First important borrower to feel the impact of all this is Alabama Highway Authority. Best bid it could get for $15-million of new bonds carried an interest cost "25 to 37 points higher than we expected to pay."

Bull market semantics, 1956-style: Stocks selling in the $1-to-$3 range, normally called "cats and dogs" in the Street, are being advertised by one enterprising over-the-counter securities dealer as "speculative investments."

MARINE MIDLAND BANKS KNOW NEW YORK

Treasure House of American History

The rich and varied history of New York State was made in great part by the Dutch, who settled New York City; the French who built Fort Niagara to protect their huge trading empire; and the British who came to build a colony. And today New York State is playing another important role in history as host to the United Nations Headquarters.

Seven of the twelve Marine Midland banks have shared in making New York State history for over 100 years, and the average age of the twelve is over ninety-five years. This experience with the past serves them and their customers well in the continuance of the Empire State as the dynamic leader in the nation's economy.



12 MARINE MIDLAND BANKS serve these 73 Communities through 148 offices

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It takes a heap of electrical servants to run a modern home, creating heavy power demand. New G-E fuse panels distribute power dependably, safely.



New G-E fuse panels safeguard home electrical systems as power loads double in ten years

New G-E line provides 100 ampere service, offers silver-plated current-carrying parts and six other quality extras

Wasted power, blown fuses and appliances that won't work are the penalties of overloaded electrical wiring systems still used in most homes. To supply ample circuits for today's needs, G.E. has designed a new line of fuse panels that distribute power safely through the modern home.

G.E.'s seven new fuse panels feature seven quality extras at no extra cost. Copper current-carrying parts are silver-plated for cool operation and long life. Superior service and appearance are made possible by quality construction and finish. Bonderite* finish protects against rust even after years of exposure. Other features mean better, safer installation. *Trumbull Components Department, Section 7, General Electric Company, Plainville, Connecticut.*

*Parker Rust Proof Co.



Modern wiring with G-E fuse panels means better living.

GENERAL ELECTRIC

PERSONAL BUSINESS

BUSINESS WEEK
MAR. 24, 1956



Too casual an attitude on the part of executives using company-owned planes can make business or corporate flying dangerous.

It's just good business for companies to impose strict standards of operation and maintenance similar to those designed for air carriers by the government. Yet the tragic record of loss of life among executives shows that too few do.

CAA statistics show that pilot and plane failures are responsible for 72% of executive flying accidents—considerably higher than the 47% of commercial accidents attributed to these factors.

What's the explanation? One big factor is the lack of government regulations covering the majority of private planes, including business aircraft (single and twin-engine). Companies have practically a free hand in setting standards for a plane's operation and maintenance and for the proficiency and qualifications of the pilot.

This means, for example, that the pilot does not have final authority; management may urge him to take off when the pilot knows he shouldn't. Or he will take an extra person along, ignoring the fact that this can dangerously overload the plane. And his maintenance program would make an airline official shudder in many cases.

Thus the key to the problem of increasing the safety factor of business flying becomes the direct responsibility of executives who travel in private planes. The right attitude and knowledge of the principles involved may mean the difference between life and death.

According to one expert, Harley D. Kysor, consultant to the Aviation Bureau of the Liberty Mutual Insurance Co. every company owning an airplane should establish its own aviation program with an executive in charge. Such a program should be based on a sound policy of pilot training, operations (ground and flight) and maintenance of the plane.

Higher qualifications for business pilots can do a lot to reduce the hazards of private flying. Companies unfamiliar with the aviation field may hire a pilot who is not suited for the job. Factors to be considered should include previous aeronautical experience, CAA instrument rating, pilot proficiency, physical qualifications. These have been overlooked in the past.

Two important points to remember: (1) Don't assume that because a pilot can no longer pass the stringent CAA first-class physical required for commercial flying he is a risk at the controls of a company plane. If he can meet CAA second-class physical qualifications, aviation experts claim, increased experience generally will compensate for this slight physical deficiency. (2) Be sure to check instrument proficiency. Many pilots simply record in a log book every six months the required six hours of flying on instruments.

It's essential for executives to know the limitations and capabilities of both pilot and plane. Lack of this knowledge is the greatest danger in business flying.

It accounts for the fact that 75% to 80% of one make of twin-engine business planes fly overloaded; and that weather was the major cause of small plane accidents in 1954. Yet many pilots may fly when they shouldn't

because pressure—direct or indirect—makes them feel that they should.

One solution, according to Kysor, is establishment of a pilot training program with management participation. Evaluating the proficiency of both pilot and the maximum performance characteristics of the plane and how these are applied in actual flight can increase executive understanding and pilot ability.

How can your company improve its own aviation program? Best way is to work with one of these sources: (1) the Civil Aeronautics Administration; (2) an independent consultant such as Kysor; the Flight Safety Foundation of New York; Flight Safety, Inc., of New York; or the Airline Training Corp., of Miami, Fla.

In addition to checking effectiveness of plane and pilot, they may set up an operation and maintenance program, make recommendations based on such factors as frequency and purpose for which the plane is used.

—•—

Those old magazines piling up in your cellar can be put to good use in combatting Communism and spreading the American story abroad. An organization called Magazines for Friendship, which works with the U. S. Information Agency, is campaigning for the idea.

You can mail your magazines direct, and for just a few cents. They can be addressed to any professor of English at any foreign university, or to any mayor or librarian. (Or you can get lists of specific names from Prof. Albert Croissant, Occidental College, Los Angeles 41, Calif.)

The mailing cost is about 5¢ or 6¢ for a single standard-sized magazine. It can be rolled in an envelope with the sides slit. Also, the USIA has opened many APOs out of New York, San Francisco, and New Orleans.

People or companies near these cities can mail a 20-lb. package of magazines to APOs for about 46¢. Packages can be sent to U. S. embassies and consulates, to be distributed by U. S. Information Service.

What's already been done along this line is effective. USIA reports that in Austria magazines are read until they fall apart.

—•—

Three new medical developments are worth noting:

• Biomydrin, a combination of antibiotics and antihistimines, seems to give marked relief to sinus sufferers, according to tests.

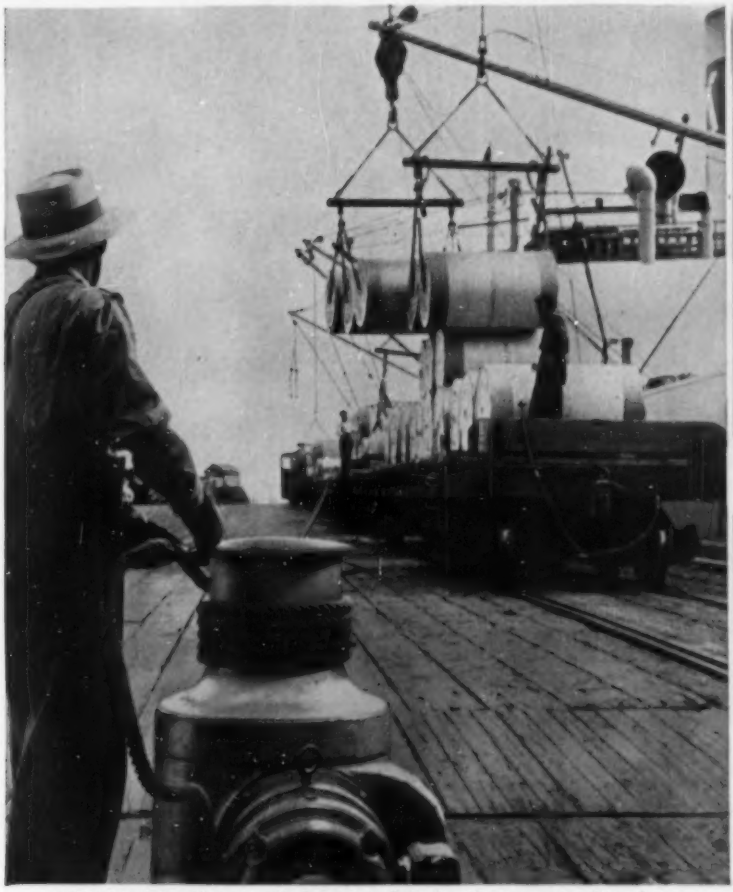
• Hemorrhage often occurs after removal of adenoids and tonsils in children. A new compound called Synkayvite-CB reduces frequency and severity.

• Intestinal amebiasis (a form of dysentery) responds extremely well to treatment by a drug called Balarsen.

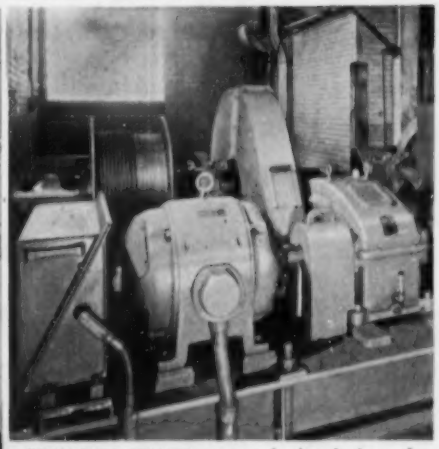
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Note for home craftsmen: A big 6-in. by 48-in. belt sander has been put on the market by Magna Power Tool Corp. It has a universal table which can be mounted across the belt in any position from 20 deg. negative to 45 deg. positive, or which can be used as a fence in two positions. Cost: around $50.

Contents copyrighted under the general copyright on the Mar. 24, 1956, issue—Business Week, 330 W. 42nd St., New York, N. Y.



CAR SPOTTERS utilize a vertical capstan, helical and worm gear drive, heavy housing and a 5- or 10-hp motor. Available in portable and stationary models, they also move heavy vehicles, skids, barges, etc.



DRUM-TYPE PULLERS are made in single and double drum models, including designs for long hauls and extreme loads.



BOOK 2092 contains engineering information, instructions for calculating rope pulls and typical layouts for spotters and pullers.

There's less wait for freight

when Link-Belt car spotters or drum-type pullers speed loading and unloading, save demurrage charges

THE need for fast spotting of railroad cars is a problem common to most industries. Conventional methods tie up both yard crews and cars . . . make the job slow and costly. Needlessly so.

For every car positioning need, there is a Link-Belt machine built and sized right . . . able to repay its cost in demurrage and manpower savings. Car Spotters permit a single operator to move up to six loaded cars with a few quick turns of rope around the capstan. Two sizes of motors—which can be mounted integral or separate—give him five- or ten-thousand pounds of rope pull. And for extremely large loads, horizontal drum pullers offer far greater capacities.

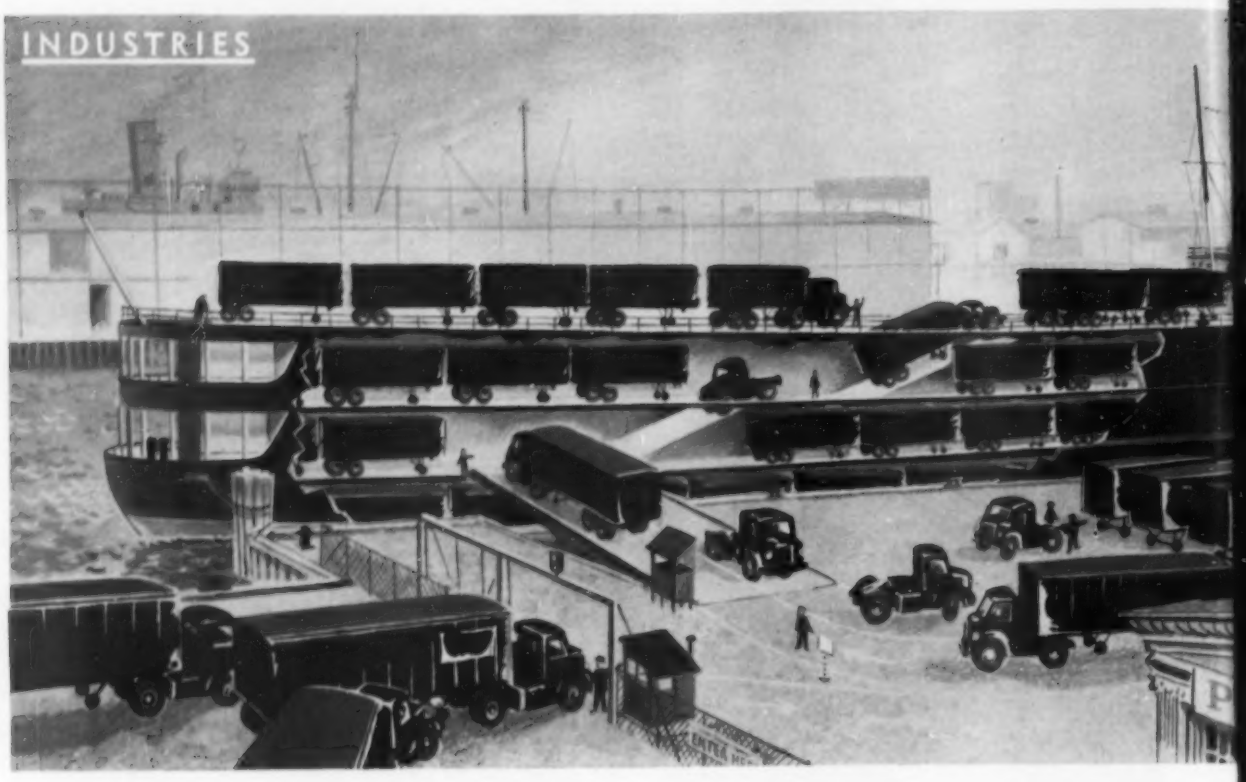
If your plant has a railroad siding, review your car moving operations with an eye toward mechanization with a Link-Belt car spotter or puller. For helpful literature, write LINK-BELT COMPANY, Dept. AV, Prudential Plaza, Chicago 1, Ill.

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Will "Fishyback" Pep Up Coastal



Coastwise and intercoastal shipping has been an anemic industry since World War II—at least as far as dry cargo is concerned. Now it may be due for a super shot in the arm.

The injection is the roll on, roll off method of handling cargo, pictured above. If it proves feasible—and there are some important questions still to be answered—its boosters see it also reawakening smaller ports, and even revolutionizing the transportation industry.

• **Tighter Squeeze**—A recent study by the Maritime Administration found that at a time when the nation's economy has been soaring, "the break bulk dry cargo business has been caught in an economic squeeze between rising costs and inadequate revenues." Break bulk dry cargo is the term used to describe cargo other than oil, coal, ore. Hauling it, says the federal agency, doesn't provide a satisfactory profit.

The study also disclosed that the fleet engaged in such shipping in 1939 amounted to almost 2.6-million deadweight tons, or 47.5% of the total U.S. dry cargo fleet. In 1955, coastwise traders totaled only 974,000 tons, or 12% of the active fleet.

• **Slow and Costly**—Why is it that when factories everywhere have been



Shipping?

turning out an increasing amount of goods that must be transported, the lowest-cost means of transporting them has taken such a beating? A large part of the answer lies in handling. Because of archaic cargo handling methods, shipping by coastal steamer is too slow for many shippers and too costly for many shipowners.

As compared with most ocean freighters, vessels in the coastal trade stop frequently at closely spaced ports. Their cargo must be unloaded from trucks or railroad freight cars, put in cargo nets, lifted high in the air, lowered through a narrow hatch, and finally stacked almost piece by piece in the inner recesses of the hold.

Later the process must be reversed. The time it takes to unload and load a ship varies with the size, shape, and weight of the cargo, its location aboard ship, and the amount of sorting necessary. Estimates range from two and a half days to six—all of it figured as nonproductive time for the shipowner. The more often a ship is in port for cargo handling, the less time it is earning money, and the longer it takes a consignee to receive his shipment.

Of perhaps greater significance is the increasing cost of stevedoring. A recent calculation placed the cost of unloading a freighter at East Coast ports at $270 an hour. The Maritime Administration, in its survey, discovered that 50% or more of total freight revenues for dry cargo coastal shipping firms must go merely to load and discharge general cargo. One coastal operator claimed that as high as 65% of gross freight revenues went into cargo handling. These figures are up from approximately 43% in 1950.

• **To the Rescue**—By leaving the freight sealed in truck trailers or railroad cars, and rolling these on and off specially constructed ships, the slowness and high cost of standard cargo handling is circumvented. No figures based on actual experience are available yet. However, says the Maritime Administration, "in connection with one of the projects for construction and operation of roll on, roll off highway trailer ships, cargo handling expense was estimated at 2.22% of freight revenue."

Not only is roll on, roll off cheaper, it's also quicker. Most cargo handling can probably be accomplished in one tide, thereby speeding shipments and reducing cost ratios for the vessel still further.

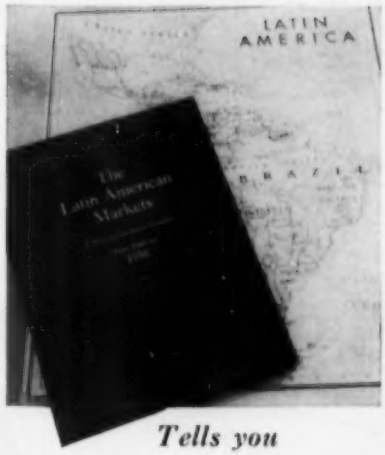
• **Shoals**—That makes the solution look absurdly easy. But it isn't. To cash in fully on its advantages roll on, roll off needs specially built ships. Construction costs are high, particularly in American shipyards where vessels for the coastwise trade must be built. The fact that roll on, roll off ships are new in design adds to their expense. And finally, if they are to compete successfully with railroads and truck lines, they must be fast.

Two major companies planning to build ships are thinking in terms of 18 to 19 knots compared with the 15 to 16 knots of today's standard U.S. merchantman. Reports in industry circles are that another company is considering 25 knots, which would make these ships the fastest freighters afloat. It goes almost without saying that the higher the speed in a ship, the more it costs to build and operate.

Arranging the financing for a roll on, roll off shipbuilding program, even with government mortgage guarantees and fast tax writeoff certificates, has proved to be a slow and complicated business.

Roll on, roll off as an idea probably dates back to the first ferry, but it has yet to be put to widespread use in long distance freight hauling. So there's room for concern over its success—and that can make raising money difficult.

• **Hard to Pin Down**—Malcom P. McLean, president of McLean Industries, Inc., is a case in point. His firm is a holding company one of whose subsidiaries, Pan-Atlantic Steamship Corp., has for several months been on the verge of awarding contracts for the con-



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STORY starts on p. 180

struction of seven roll on, roll off ships for highway trailers. Before embarking on this project McLean had studies made to determine the market, costs, and potential earnings of roll on, roll off.

On the one hand McLean has used the findings that came out of these studies to help arrange financing. But on the other, he has tried to keep them secret so as not to invite competition.

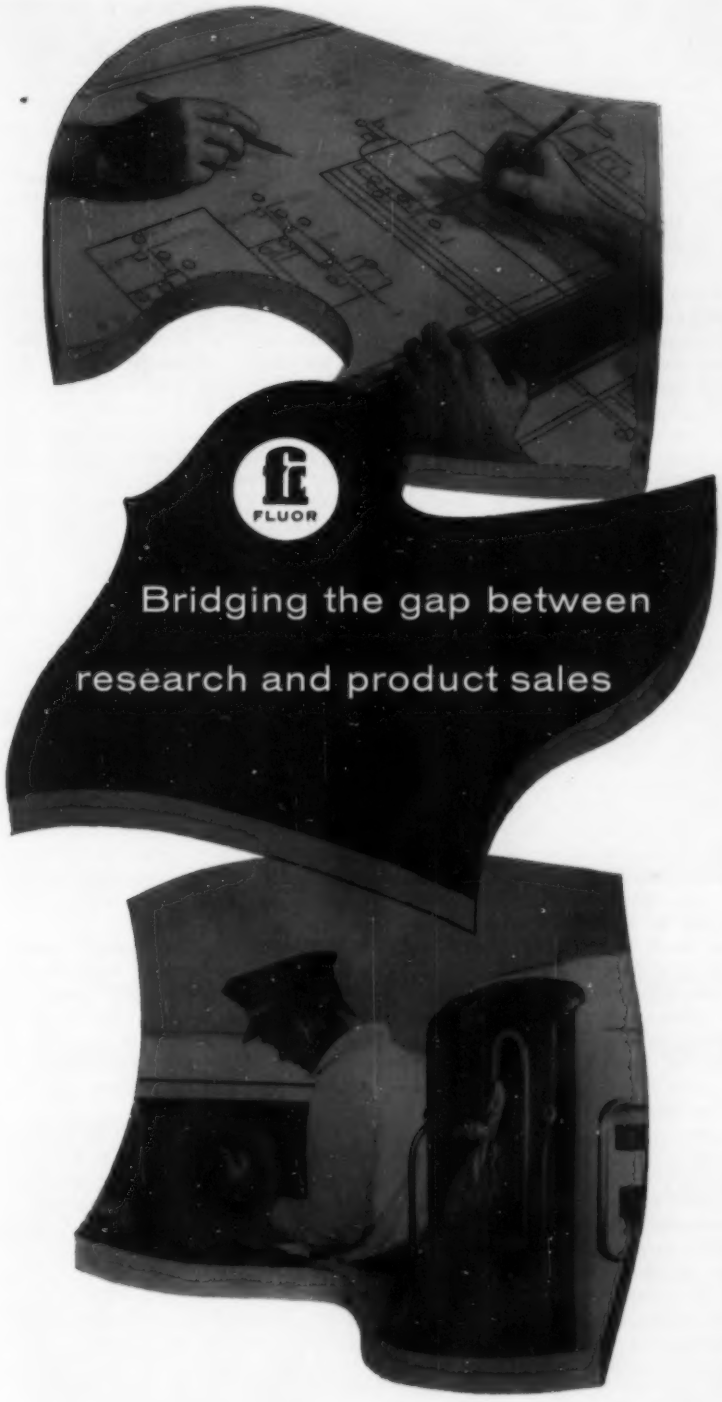
One Wall Street bull on McLean Industries stock put out a market letter that said: "Management estimates these trailer ships will earn between $3-million and $4-million per ship per year after all charges except federal income taxes." McLean, however, has refused to confirm or deny this figure.

• **What About Labor?**—Perhaps the most important unanswered question on roll on, roll off is what position the affected unions will take. So far neither the Brotherhood of Teamsters nor the independent International Longshoremen's Assn. is committing itself other than to say, "We are not closing our eyes to this new development which could have deep implications."

• **False Start**—An early and unhappy application of the roll on, roll off idea was Trailerships, Inc. (BW—Apr.25'53, p190). This company, with two converted LSTs (Landing Ship Tank), tried to haul truck trailers on the Hudson River between New York City and Albany. Among the company's other troubles, teamsters in Albany claimed the line was robbing truck drivers of work. For a while union drivers refused to pick up trailers unloaded at Albany docks. Even after this was settled, truck owners, anxious to avoid new troubles with the unions, shied away from the service.

• **Better Going**—A more recent and far more successful venture using the same type of equipment is the rapidly growing TMT Trailer Ferry Inc. TMT, which stands for Trans-Caribbean Motor Transport, has one tremendous advantage over other roll on, roll off firms. Connecting Caribbean island ports with Florida and Georgia as it does, it hasn't so far had to compete with overland carriers.

The firm got its start in 1953 when it loaded trailers by crane for shipment to Puerto Rico. Currently TMT has four converted LSTs capable of carrying 50 loaded trailers and 20 automobiles each. The LSTs, incidentally, are stripped of their engines and towed by tugs. This cuts crew costs and saves space that



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would be used for the engine and crew quarters for use by trailers.

TMT recently acquired an LSD (Landing Ship Dock) hull that it hopes to convert and have in service by midyear. This vessel will be self-propelled and will be capable of carrying 100 trailers, 100 automobiles, and 12 passengers. But while the firm is successful—it ended 1955 a few cents a share in the black—its operation is not the sort that is needed to prove roll on, roll off.

• **Getting Bigger**—The first big-scale shipping company—one with vessels specially designed for the job from keel up—which proposes to operate a roll on, roll off service in direct competition with truckers and railroads appears to be McLean's Pan-Atlantic (map, page 180).

Frequent announcements have had this company within weeks of awarding construction contracts for its seven ships each capable of carrying 288 of its 35-ft. trailers. Recently, however, the Maritime Administration disclosed that the company had requested another time extension to work out some last details in connection with financing.

• **Score**—Here is where the company stands:

The Maritime Administration has agreed in principle to applying federal ship mortgage insurance to the seven ships. This means that the government will guarantee a mortgage amounting to not more than 87½% of the cost of the ships. According to McLean, the mortgages will be written by banking institutions headed by the First National City Bank of New York.

When these arrangements were made, however, the estimated total cost of the seven ships was approximately $63-million. Now the projected cost has risen to $71.4-million, and the company has had to amend its federal application.

Because these vessels have been termed by the Defense Dept. "essential to national defense," the Office of Defense Mobilization has granted Pan-Atlantic a certificate allowing the amortization of 60% of the estimated cost over a five-year period. This, too, has had to be amended.

A further aid in financing allowed by the law and agreed to by Pan-Atlantic officials and the Maritime Administration is the trading in of old vessels for replacement. Thus the agency has agreed to pay Pan-Atlantic $6,650,000 for seven of the company's currently owned cargo ships, or $950,000 a vessel. These ships will be placed in the government's reserve fleet.

• **Stopgap**—After the contracts for the new roll on, roll off ships have finally been let, the company expects the first ship will take at least 22 months for completion, the last one 33 months. In the meantime, Pan-Atlantic expects to start a service next month using two standard tankers with special decks. Trailers will be lifted off their chassis and placed on the deck. At their destination they will be lifted onto another chassis for hauling to the receiver. The new service will ply between Houston and New York, with the company promising sixth-morning delivery at either port.

• **Intercoastal**—Another potential roll on, roll off-er is American-Hawaiian Steamship Co., an old-time freight carrier holding an ICC certificate to operate between ports on the Atlantic and Pacific coast (map, page 180). In 1939, the firm owned and operated 39 cargo ships. By 1953, it had abandoned the coastwise and intercoastal trade altogether as being unprofitable.

Now, under new management, American-Hawaiian is seeking to build 10 roll on, roll off trailer ships costing in all approximately $115-million. These vessels would have a capacity of 570 trailers each. Spearheading the drive to get into the roll on, roll off business in a big way is the firm's controlling stockholder, D. K. Ludwig. Ludwig already operates a large fleet of foreign-flag tankers and ore carriers, and leases the old Kure naval base in Japan.

American-Hawaiian is not so far advanced in all necessary negotiations as Pan-Atlantic. It has applied for federal loan and mortgage insurance on its 10 proposed vessels, but according to last available reports had not received basic approval.

• **Barnacles**—The intercoastal carrier was in the news recently when its former president and board chairman, S. H. Moerman, wrote a letter to shareholders saying the stock was selling at "runaway" prices. He called attention to these points in connection with the roll on, roll off program:

• The new fleet won't be ready at best before late 1958 or early 1959. If there is a further advance in construction costs the building program may go even more slowly because of limited capital.

• The company's debt on the day the first trailer ship sails will be in excess of $125-million, requiring a high rate of earnings to pay it off.

• The company must meet the rate competition of transcontinental railroads.

• If the trailer ship program is successful, competing carriers in the intercoastal service will immediately take steps to convert their fleets to roll on, roll off types, and this would undoubtedly pose formidable competitive problems.

• **The Field**—Besides TMT, Pan-Atlantic, and American-Hawaiian, the Maritime Administration lists the following



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"apparently firm" projects for construction of roll on, roll off ships, many of which have already received approval in principle for mortgage guarantees:

Alaska Trainships, Inc., a subsidiary of Alaska Steamship Co., proposes to build and operate two ships between Seattle and Whittier, Alaska, designed to carry 110 rail cars loaded by ramps through the stern.

American Liberty Steamship Corp. proposes to build three roll on, roll off ships to be operated between Northeastern ports and Galveston-Houston. These would carry 98 rail cars at a 19-knot speed.

Puerto Rico Railroad and Transport Co. plans to build two large truck trailer ships for operation between New York and Puerto Rico.

Trainships, Inc. proposes to build two railroad car carrying ships to operate between North Atlantic ports and Texas.

Transportation Utilities, Inc. plans to build two train ships for charter to a company that would operate them between New York and Jacksonville, Fla.

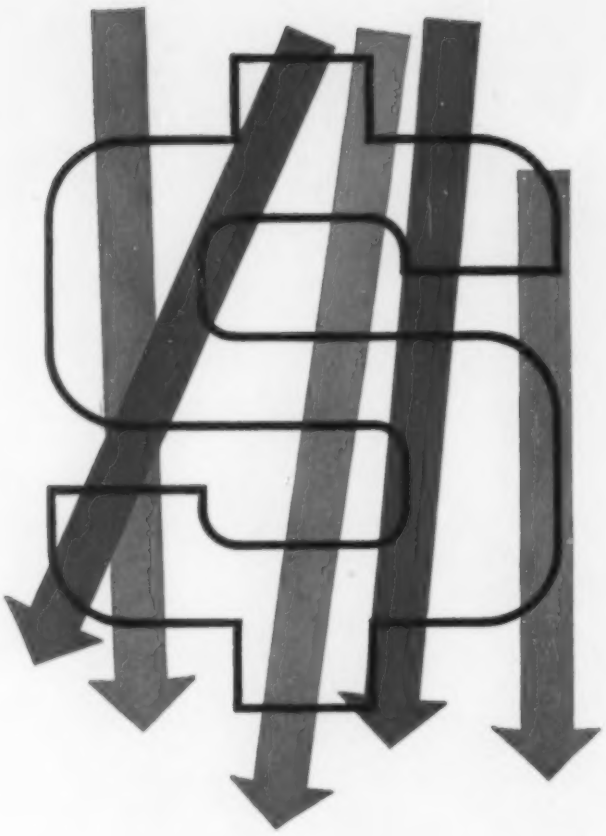
• **For the Navy**—Because roll on, roll off ships can be loaded and unloaded so quickly they are thought to be useful in wartime amphibious operations. Therefore the Military Sea Transportation Service of the Navy Dept. is having a specially designed roll on, roll off ship build to carry wheeled and tracked vehicles. The ship is now being constructed by the Sun Shipbuilding and Drydock Co.

• **Livening Up Ports**—The roll on, roll off program doesn't end with ship construction however. The Maritime Administration, which is anxious to have a fleet of these vessels both for commercial use and for defense, has also taken steps to see what kind of terminal facilities are needed. In cases where the bigger ships are loading, large parking lots or marshaling yards would be required. In several cities the real estate for such facilities is not available near the docks.

Therefore the federal agency has sought to engage architectural and engineering services to "reduce to basic terms the shoreside facilities required to accommodate the various types of vessels." It has done so at the request of a number of port cities anxious to be kept abreast of the needs of the new system.

The voters of Providence, R. I., for instance, have authorized a $2-million bond issue. The city has waited before spending the money on new port facilities until it knows what's needed and sees if roll on, roll off is really going to catch on.

If it does, a lot of freight could begin moving by coastal steamer and that could mean new life for the cities as well as shipowners. END



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TRADING Vern Brewer (left) and Mark Hannah consider the merits of a pony at Hannah's farm.



TRAINING Brewer schools Silver White's Surprise, a former champion owned by Lazy N. Stables.



SHOWING Dam and foal are shy, but Topper (right) poses with Brewer's stepdaughter, Cathy Ward.

There's a Gold Mine In Shetland Ponies

Breeding Shetlands is fast becoming one of the most lucrative businesses of the day. These ponies on a farm in Texas (right) may well bring their owner, Vern Brewer, anywhere from $500 to $10,000 apiece.

IF YOU'RE in the market for a get-rich-quick idea, you might well consider raising ponies. In north Texas—where it's one of the hottest businesses in recent years—Shetland pony breeders claim that even a greenhorn can net $5,000 on a $15,000 investment the first year.

The market for the shaggy little animals is rolling up into a boom, and prices have doubled in the past five years, tripled in the past 10. The price for registered ponies starts at around $500 a head and has run as high as $25,000—the price that Vestal "Highline" Pony Farm at Englewood, Colo., paid for Little Masterpiece. Only a few months ago, Vern Brewer, owner of the Brewer Pony Farm at Gainesville, Tex., refused a cash offer of $50,000 for his famous Shetland sire, Larigo's Topper (picture below).

• **Going Up**—Today's price tags are a far cry from the days when father could pick up a pony for Junior for as little as $50. Now, a run-of-the-mill unregistered pony—the trade calls them "kid ponies"—sells for $200 to $300. When you get into the registered class, you begin to see the real possibilities. At the American Shetland Pony Club's annual sale at Springfield, Ill., last September, the top pony was auctioned for $4,500, while the average price for 107 head was $1,301.31. In 1953, the average price per pony was only $785.

All this is due to the law of supply and demand, Brewer says. "More people have more money than ever before these days, and we breeders can't keep up with the demand."

Brewer estimates that about 5,000 "grade ponies" (unregistered) are sold each year as pets for children. Circuses account for another 1,000, and operators of pony rides in parks buy up another 1,000 or so yearly.

• **Big Ticket Ponies**—The fancy and expensive ponies, however, are usually traded among breeders who are interested in breed improvement, not only as a hobby, but for show purposes. What gives rise to the skyrocketing





prices is the fact that nearly 500 new breeders per year have entered the field within the past three or four years. That makes the competition for a particular animal so great that it's not uncommon for a breeder to sell and buy back the same mare several times within a few years. It comes about this way:

Say the breeder sells a mare "in foal" for $1,000, and that foal turns out to be an exceptional animal as a result of union between its dam and a particular stallion owned by the breeder. Once the breeder sees the fine foal, he may go to the person he sold the mare to, and offer $1,500 to buy her back. Assuming he succeeds, the first buyer gets to thinking, "Now why did I sell that mare? She'll produce her price in foals in a couple of years." So he goes back to the breeder and offers, say, $2,000. And so it goes.

That's why Brewer refused to sell Topper for $50,000. Topper is 14 years old and in his prime as a stallion. He can sire 20 to 30 ponies a year, and is the daddy of such famous champions as Dora's Cindy Sue, which brought $10,100 at auction a couple of years ago.

• **Lucrative**—These fancy figures explain why raising Shetlands has become one of the most lucrative hobbies a man can get into. And—except for the current difficulty of finding the ponies you want—raising Shetlands is one of the easiest businesses to get into with no experience.

Shetlands are tough little rascals, and require no care at all other than a supply of grass and plenty of water. They need no expensive barns nor fancy equipment. Even in North Texas, the ponies stay outside the year around. The only shelter they require is a three-sided leanto open on the south side and with a tin roof, where they can cluster in case of a blizzard. They can stand more heat without suffering than ordinary range cattle. And, says Brewer, "Shetlands cost less to feed than an average dog. A pony can grow fat on pasture that would starve an ordinary cow."

• **Investment**—The picture gets even rosier when you discover you can crash the business on about $15,000. According to Brewer, you would need 10 mares at an average price of $1,100 each; a good stallion at around $1,500; about 40 acres of pasture which in north Texas would cost about $200 over-all; a couple of shelters and fencing for another $1,300. Allow another $1,000 for incidentals "which you probably won't need," and you're in business.

Mares almost always are bought "in foal." The gestation period for a Shetland mare is 11 months, and she can be bred again within 10 days after she has dropped foal—which she does without outside assistance. So, the original 10 mares will produce at least eight or nine colts and usually all 10 will have "get."

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". . . a good stallion can earn his owner up to $7,500 a year . . ."

SHETLAND PONIES starts on p. 188

would be worth a minimum average of $600 by weaning time. Multiply the nine colts by $600, and you get $5,400 for the first crop—and within one year on a maximum investment of $15,000.

The long-range view is even better. Shetlands are active on the average for 25 years, and 35-year-old ponies are not rare. Their breeding life is about 20 years. A good stallion commands stud fees of $250 and—as in the case of Topper—can earn his owner up to $7,500 in stud fees.

• **Census**—There are approximately 25,000 registered ponies in the U. S. today, and although there are no accurate pony census figures available for all the Shetlands, the total is estimated at around 40,000. This figure includes the "grade" ponies—those whose ancestry on both sides is not complete for at least four generations.

Among the blood line names breeders look for in buying or swapping are such well known ones as Larigo, Orloff, Silver Crescent, and Patton. There are a number of others, but breeders such as Brewer and Mark Hannah consider these four the tops, and almost every good registered animal has the blood of one or more of these lines somewhere in its ancestry.

• **Optimism**—Brewer himself has 192 registered head. He has 92 brood mares, and expects a crop of 80 to 90 foals within the next few weeks. He keeps 12 stallions—actually more than he needs to service his mares. But large as his herd is, Brewer says he's not going to sell all the ponies he easily could this year. He wants an even larger herd. His 192-pony stable—worth well over a quarter of a million—is one of the largest of such operations in the country. Brewer insists that there is a demand today for twice the animals that exist.

This optimism is shared by an old-timer in the business—Will Williams, who has been raising Shetlands at Denton, Tex., for more than 50 years. "We pony ranchers have never had it so good, as you young fellers say," Williams says. "I've never had enough ponies to take care of my orders." Williams estimates that he has sold more than 6,000 Shetlands all over the country, with Mexico, Venezuela, and even Argentina getting some.

Williams is especially proud of the fact that one of his Shetlands is something of a Hollywood star. The black-and-white pony that Little Beaver in the Red Ryder movies gallops off on is "one of mine." **END**

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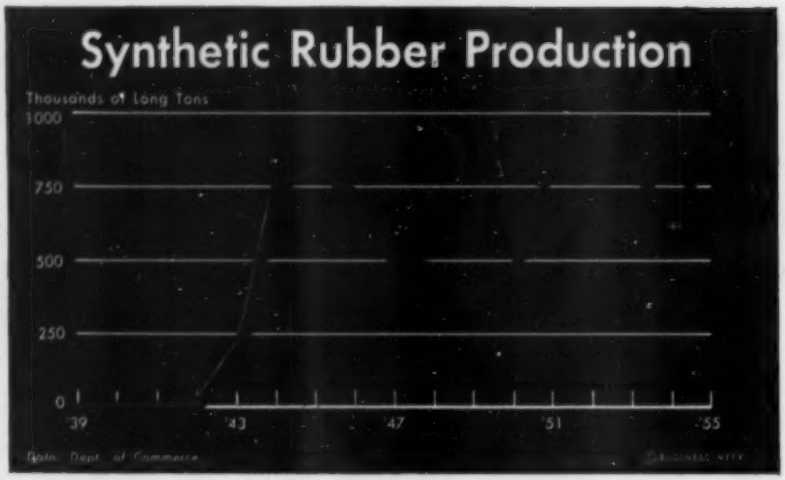
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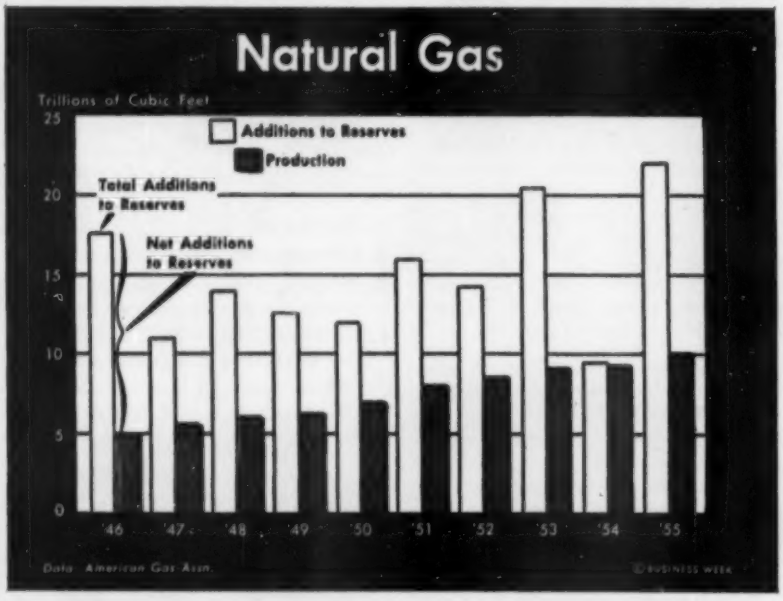
CHARTS OF THE WEEK



Near the Million-Ton Mark

Synthetic rubber production in the U. S. bounced close to the 1-million-ton mark last year. The upswing in industrial production, the big auto needs, and high prices for natural rubber combined to spark the rise.

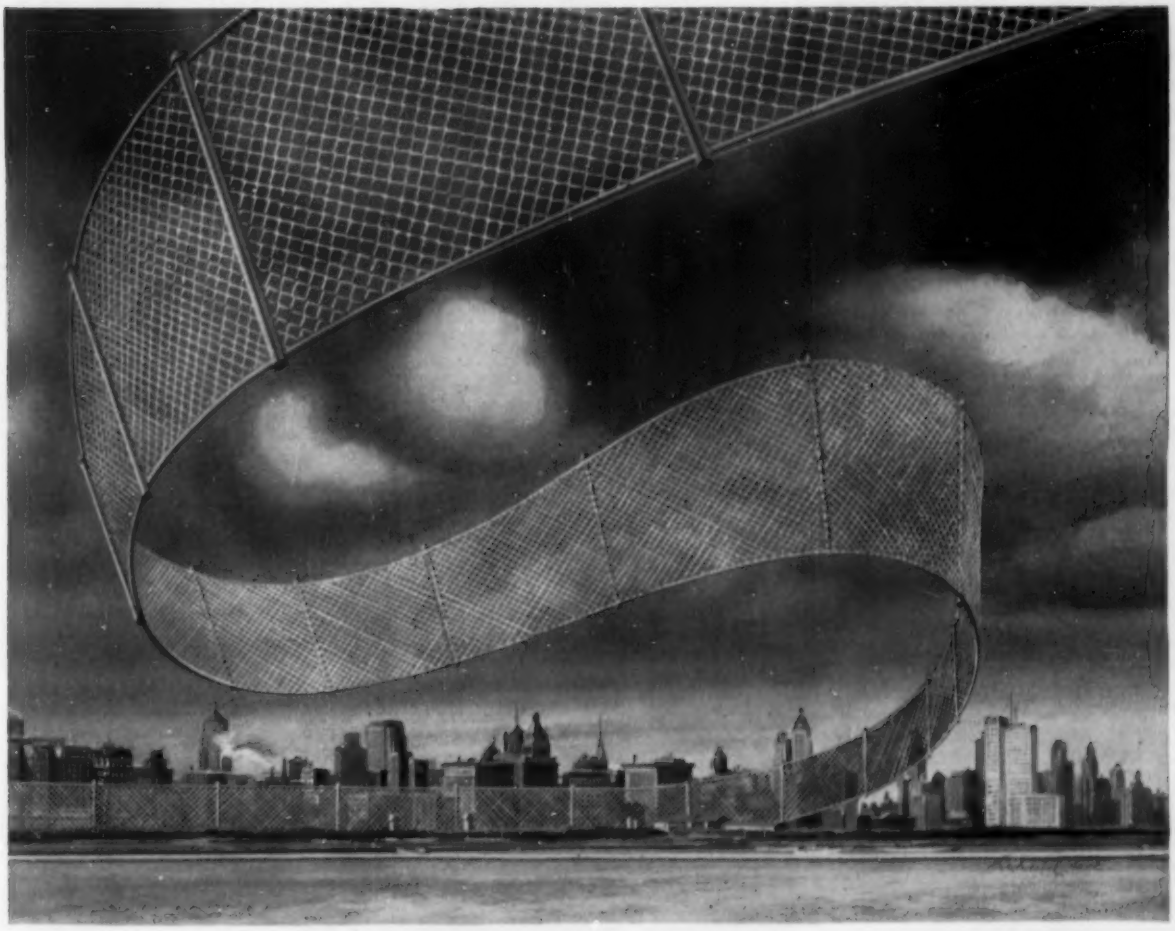
Consumption of all new rubber in the U. S. last year came to a record 1.5-million long tons, compared with 1.2-million in 1954. The previous record was 1.3-million long tons consumed in 1954. Synthetic accounted for about 60% of the total new rubber consumed in 1955.



Reserves Were Never Better

A record total of 22-trillion cu. ft. of natural gas became available during 1955. Peak production of 10.1-trillion cu. ft. during the year still left a net addition of 12-trillion cu. ft. to proved reserves—largest year-to-year net gain since 1945. In that year, proved reserves climbed 12.8-trillion cu. ft. over the pre-

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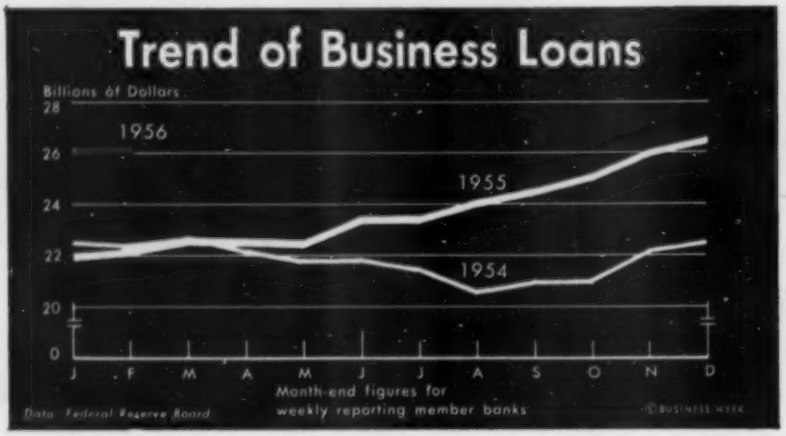
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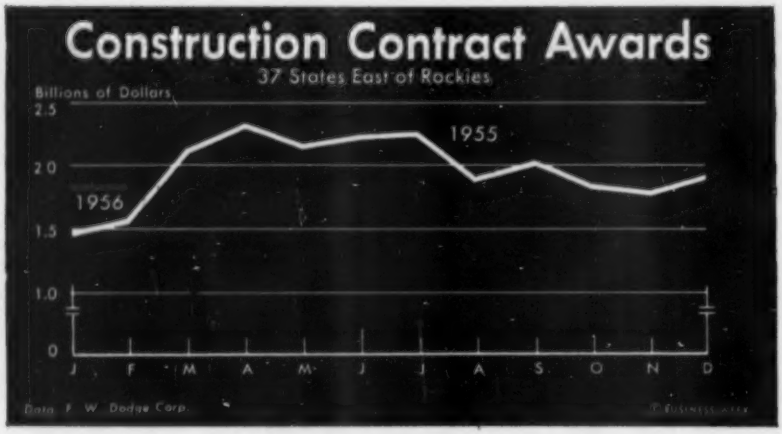
vious year's level. At the beginning of 1956, proved reserves were a record 223.7-trillion cu. ft. – up 51% in 10 years.

Of the 22-trillion cu. ft. of natural gas that became available during 1955, new discoveries accounted for 5.7-trillion. Extensions and revisions of previous reserve estimates during the year added 16.3-trillion cu. ft. Such extensions amounted to only 4.6-trillion a year earlier.



The Level Stays High

The trend of business loans remains steady, according to the weekly tally of Federal Reserve banks. On the basis of the latest weekly figures, loans are 18% above year-ago levels, and only 1% below yearend 1955. This strength in loans reflects less-than-seasonal reduction in business needs, particularly for carrying inventories, so far this year even though inventories are high.



A Record for February

This year's February holds the all-time record for that month's contract awards for construction in the 37 Eastern states, according to F. W. Dodge Corp. The figure was 18% above February, 1955. January and February, 1956, combined, were 21% above the comparable year-ago period. These gains, representing work to be done, more than offset slowness in work actually done in January and February.

The year-to-year increase for the two-month period breaks down this way: Building contracts were up 10.7%, heavy engineering 69%. A further breakdown of these two groups shows nonresidential building up 18%; residential reversed its recent downtrend to rise 6%.

In the heavy engineering category, utilities were up 84%, and public works 65% from the same 1955 months.

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Stretching Credit Control to the Limit

It now looks as though 1956—or at least part of it—will turn out an incredibly good year for business (BW—Mar.17'56,p27). If it does, it will present a peculiarly ticklish problem to the men who are charged with managing the nation's money and credit supply. The future of U.S. business will depend to a large extent on how they try—and more important, perhaps, how they do not try—to handle it.

For several months now, the U.S. economy has been taking a breather. The almost explosive rate of expansion that characterized the 1955 boom began to flag last fall. Since December, total production has held on a high plateau.

Now, the boom seems about to resume its upward rush. All the evidence we have—on capital spending plans, consumer intentions, housing, and general business—suggests that in 1956 the economy will be popping its buttons in an effort to build or make all the things that people want.

Facing a Dilemma

If that is what happens, then the Federal Reserve authorities will be confronted with one of the cruelest dilemmas in the long and not always happy history of monetary management. For, until we can examine the 1956 boom in the cold light of hindsight, no one will know for sure whether this is healthy growth or the feverish, speculative prelude to a crash. And in the meantime, the Fed, acting without the benefit of hindsight, will have to decide whether to encourage the new boom by allowing credit to expand or to fight it with all its traditional weapons of credit control.

There would be no problem for the Fed if the new boom had emerged, as booms usually do, from the bed of a recession. In that case, credit presumably would be easy now, and the obvious strategy for the money managers would be to let it tighten up gently and naturally as business picked up.

But the 1956 boom starts with business already at a phenomenally high level. And it comes at a time when credit already is uncomfortably tight. Through most of 1955, the Federal Reserve was putting on the brakes, trying to hold the boom within what it considered healthy limits. Since the beginning of the year, with business marking time, the Fed has eased up a bit, but only a bit. Credit is still tight enough to make even legitimate borrowing painful for most businesses, and interest rates are high enough to cause some serious distortions in the normal pattern of financing.

If it tries to adopt a still sterner policy now, the Fed will risk bludgeoning the boom to death and precipitating a real slump, one that almost surely will be far more serious than the "straight-line recession" we have just had. Even if it tries to do no more than stand pat, it will be denying the economy the annual addition to the money supply that sustained growth requires. It will, in fact, be overruling its own policy, which before 1955 allowed the money supply to expand by an average of 3% to 4% a year to keep pace with the demands of normal growth (BW—Dec.12'53,p29).

The problem is complicated by the fact that money management is now held in the highest public esteem that it has enjoyed for 30 years. Many people—laymen as well as economists—regard general controls on money and credit as the principal mechanism for straightening out the old boom-bust cycle. Their faith in what it can do is practically unbounded. And their dismay, if it fails to do what they expect, will be equally limitless.

There is no real way out of a dilemma such as this. The Federal Reserve authorities can be sure that scholars of the future and politicians of the present will chew them out no matter what they decide to do.

We think, however, that if the Reserve authorities and businessmen alike keep some basic principles in mind it may be possible at least to minimize the dangers of what is potentially a very nasty situation.

The first thing to recognize is that there is a limit to what general monetary controls can do. With skillful manipulation of credit, the Federal Reserve can steer a boom, but it cannot hope to make the process of expansion conform precisely to the specifications it would like. General controls are too broad and too massive to reach deftly into the particular areas of the economy where things are getting out of hand. To get exactly the effect they wanted on consumer credit, for instance, the controllers would have to squeeze down all credit to the point where legitimate needs would be denied. Long before they had reached their objective in this one area, they would have laid waste to business as a whole.

Moving With the Economy

Under the circumstances, all the Fed can do is try to hold the expansion of credit to an amount consistent with normal growth. If it tries to go beyond that and put a further credit squeeze on business, it will be taking great risks in pursuing a hopeless objective.

The squeeze already is too tight to allow for another turn of the thumbscrews; the Fed allowed only a scant 2.5% increase in the money supply in the past year, when the boom was at its height. It cannot expect to hold the economy to a similar asceticism this year without putting unmerciful pressure on legitimate borrowers.

In short, we think this is a situation where the powers of the money managers are limited, and we think it will be better for everyone if this fact is widely recognized. The money managers, as they say, should usually follow a policy of "leaning against the wind." But when the wind is blowing this hard they can't spit against it.

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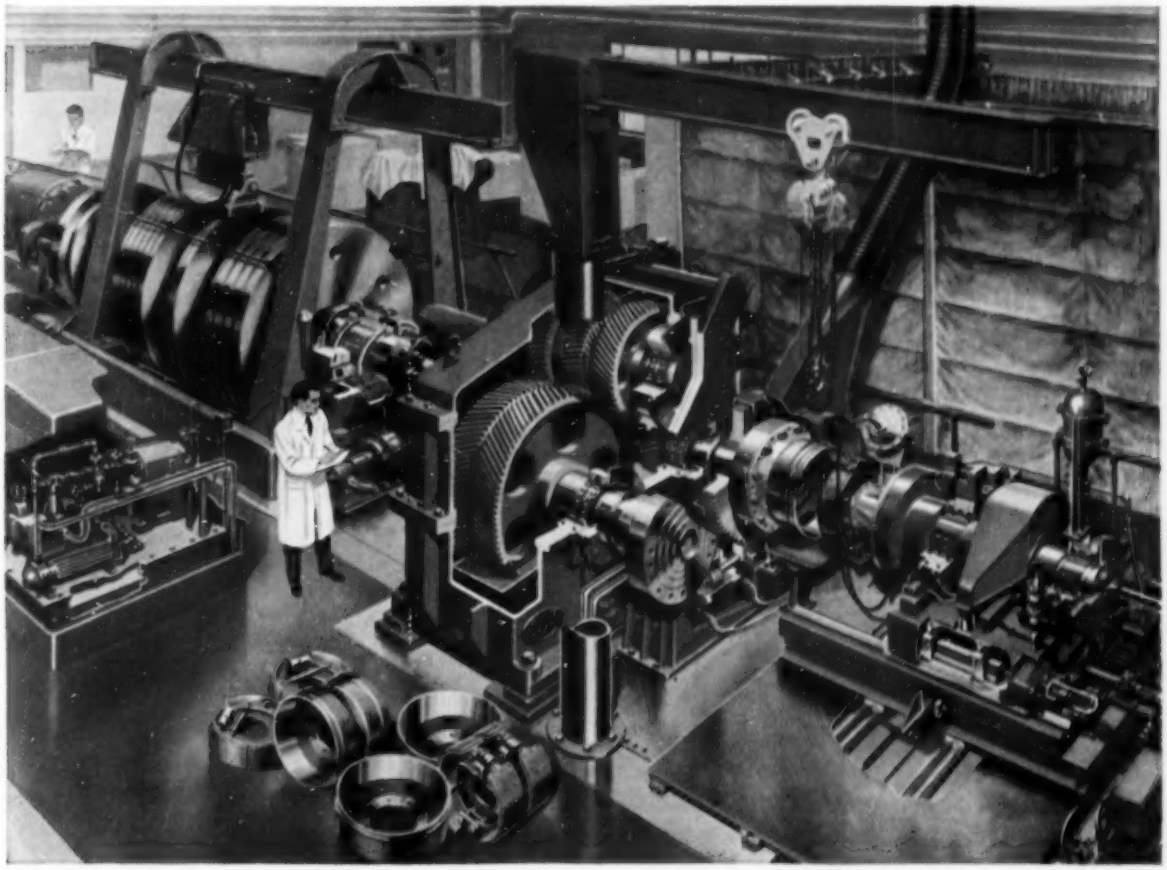
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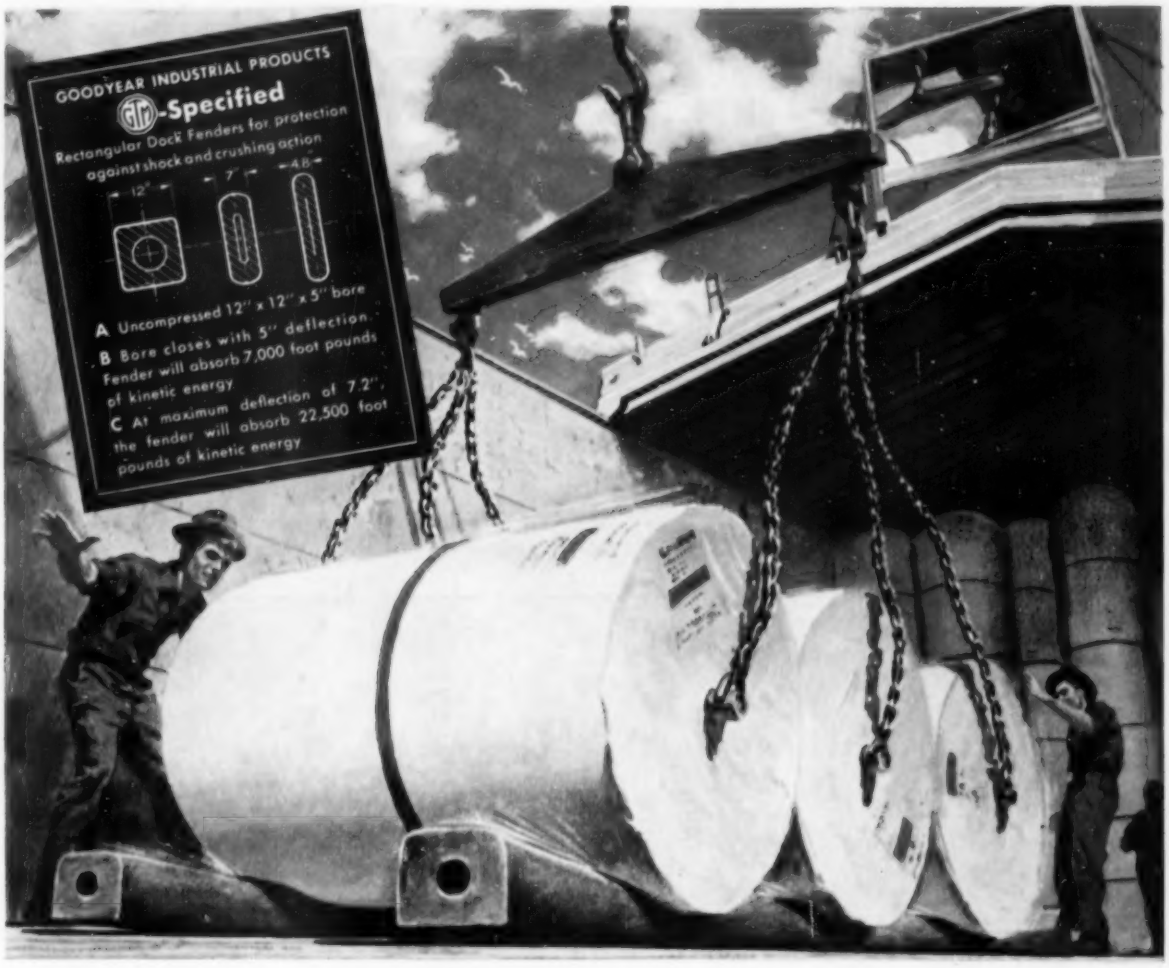


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